

The Global Newspaper
Printed Simultaneously
in Paris, London, Zurich,
Hong Kong, Singapore,
The Hague and Marseille

Herald Tribune

Published With The New York Times and The Washington Post

No. 31,824

PARIS, SATURDAY-SUNDAY, JUNE 15-16, 1985

ESTABLISHED 1887

Ortega Lifts Ban On Arms Buying, Citing U.S. Vote

MANAGUA — President Daniel Ortega Saavedra of Nicaragua, in an angry response to the renewal of U.S. aid to the rebels fighting his government, said he is lifting a self-imposed moratorium on arms imports.

He also hinted Thursday that Nicaragua might try again to buy sophisticated jets to strengthen its small air force, and said he would welcome military advisers from Cuba or any other country.

Mr. Ortega's comments came the day after the U.S. House of Representatives voted, 248-184, to approve \$77 million in nonmilitary aid to the rebels. The Senate had approved a larger aid package the week before.

The Nicaraguan leader assailed the House vote as "unacceptable, illegal and immoral meddling."

Mr. Ortega spoke after a nationwide speech in which he said his government would bolster its defenses "in light of the deepening of the war and aggression and the possibility of a direct intervention of our country."

He did not explicitly say that Nicaragua would buy jet warplanes. But when he was asked whether the new weaponry could include Soviet MIGs or Czechoslovakian trainer jets, Mr. Ortega said, "Nicaragua is almost the only country in Central America that does not have the ability to defend itself rapidly by air."

The Nicaraguan air fleet is composed of combat and transport helicopters, small observation planes and propeller-driven bombers. In Washington, Larry Speakes, the White House spokesman, said Friday that the United States remained steadfastly opposed to any Nicaraguan attempt to buy sophisticated warplanes.

"We would consider the introduction of high-performance aircraft or other weapons of that type to be a matter of significance and something we would look at with a favorable eye," he said.

Mr. Ortega said that the Sandinistas had decided "to suspend the measures that, in unilateral form, our government has taken in the field of defense." Later, he said that his comment included the moratorium on arms imports that he announced Feb. 27.

The Sandinistas sent home 100 Cuban military advisers in May, but Mr. Ortega indicated Thursday that he would now accept advisers from any country.

However, he also said that Nicaragua remained open to a resumption of talks with the United States.

Mr. Ortega said he declared the moratorium in February to further attempts by the four Latin American nations working as the Contadora group to achieve a peace agreement in Central America.

The Contadora group — comprised of Panama, Mexico, Venezuela and Colombia — now hopes to have a final accord drafted by next month, Foreign Minister Jorge Abadía Arias of Panama said Thursday.

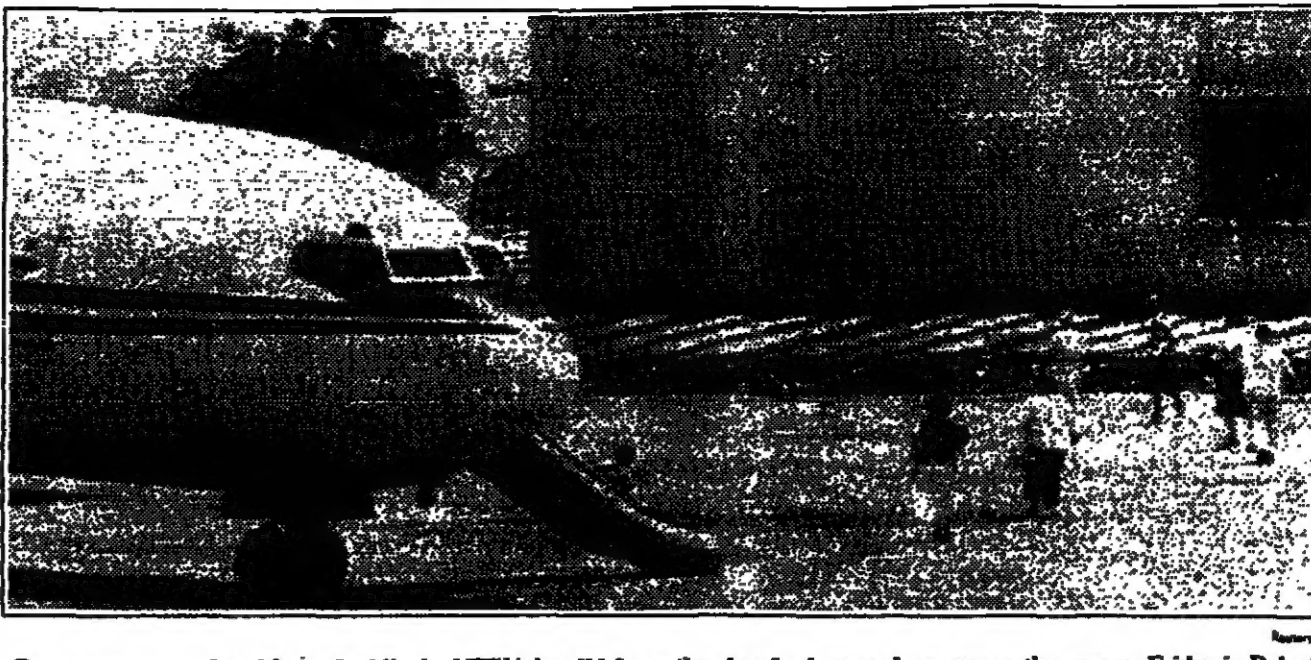
The House vote was praised by Nicaraguan guerrilla leaders. In Costa Rica, José Davila Membreno of the Revolutionary Democratic Alliance said he hoped that the aid would enable the rebels to help civilians displaced from their homes by the fighting.

A spokesman for the Nicaraguan Democratic Force, based in Honduras, said Wednesday that U.S. aid should allow that rebel group to make a major move against the Sandinistas in about three months.

Sandinista officials said they were surprised at the margin of Wednesday's vote. A top official in the Nicaraguan Foreign Ministry termed it a "much worse" result than expected and lamented that Congress had "shifted right of center."

A source close to Mr. Ortega said: "We were shocked. It was an error not to consider the reaction to the trip. We claim to understand imperialism thinking, but at that key moment, we didn't take it seriously." The source referred to Mr. Ortega's trip to Moscow just after an earlier House vote to reject aid to the guerrillas.

The House vote reflected a dramatic turnaround. Several Southern states voted as a bloc for the proposal. Seven Republicans switched sides, mostly after Reagan concessions that included dropping a stipulation that the aid be administered by the Central Intelligence Agency and adding a provision limiting aid to nonmilitary.



Some passengers freed from the hijacked TWA jet slid down the plane's chute and ran across the runway Friday in Beirut.

TWA Jet Hijacked to Beirut, Then Algiers

The Associated Press

ALGIERS — Hijackers demanding freedom for Shiite Moslems held by Israel seized an Airbus A300 TWA flight Friday with 153 persons on board and forced it to fly first to Beirut and then to Algiers. The pilot reported that the hijackers had beaten and threatened to kill passengers and had said they would blow up the plane.

In Beirut, the hijackers freed 17 women and two children. Two American women passengers who were freed in Beirut reported that shots were fired, and one said a man was wounded.

The Algerian press agency said the jet left Algiers late in the day for an unknown destination. Reuters reported. A few minutes before, an unknown number of additional passengers were freed by the hijackers, the agency said.

[One of the 21 passengers freed in Algiers, told the agency, that he overheard the hijackers saying they were returning to Beirut.]

The hijackers, who were reportedly armed with grenades, machine guns and pistols, at first ordered the pilot to fly to Beirut, where the plane was released.

In a statement relayed by the Beirut control tower, a hijacker said that the "organization of the oppressed in the world" was responsible for the hijacking. He demanded that Lebanese Shiite Moslem guerrillas held by Israel be released to the Red Cross in Lebanon's southern port city of Sidon.

After two and a half hours in Beirut, the hijacked TWA jet was forced to land in Algiers. The hijackers demanded that the plane be taken to Algiers and that the hijackers be released to the Red Cross in Sidon.

Israel is holding about 700 Lebanese, mostly Shiites, in prisons in northern Israel. Israel's Foreign Ministry said Friday that it had no comment on the hijackers' demands.

'Up to You,' Beirut Tower Tells Plane

The Associated Press

BEIRUT — Following is a partial transcript of a conversation Friday in English between the cockpit and the Beirut control tower:

Plane: Beirut control, TWA 847, request landing instructions.

Tower: I am unable to give you landing instructions due to the closure of the airport. Advise the hijackers that I think they understand English.

Plane: Well, yeah, they do. But they're insistent upon landing in Beirut.

Tower: You have not permission to land Beirut airport. It's up to you and to the hijackers to go on.

Plane: He has pulled a hand grenade pin and is ready to blow up the aircraft if he has to. We must, I repeat, we must land at Beirut. We must land at Beirut.

Tower: O.K. It's up to you to go on. It's up to you to go on. I can't give you permission because my responsibility doesn't give me permission for you to land. The airport is closed. Would you advise

Up to You, Beirut Tower Tells Plane

The hijacker to hold for 10 minutes? Can you hold for 10 minutes to find a solution for your problem?

Plane: TWA 847, that is a negative. We understand, we understand, but we must land at Beirut. The hijacker is insistent.

Tower: Understand that you are landing without permission.

Plane: Be advised we have no choice. We must land.

Tower: O.K. sir. Land, land quietly. Land quietly. It's up to you, sir. As you know, the airport is not in my hands.

Here is a partial transcript of the conversation after the hijacked plane landed at the airport:

Plane: He says if he doesn't get fuel in three minutes he's going to kill an American that he has tied up in the cockpit.

Tower: I am doing my utmost, I am doing my best to have the fuel for you. I am helping, but what can I do, sir? Would you please advise the hijackers to take it easy. I am planning, I am doing my best [garbled] to be ready for you.

Up to You, Beirut Tower Tells Plane

had again threatened to execute hostages if their demands were not met, Reuters reported.

[The Algerian press agency said the jet left Algiers late in the day for an unknown destination. Reuters reported. A few minutes before, an unknown number of additional passengers were freed by the hijackers, the agency said.]

Initial reports said three hijackers were on the Boeing 727. But a Lebanese Transportation Ministry spokesman said that there were only two. A U.S. Embassy spokesman in Cyprus who talked to freed passengers said that they had only seen two.

In Beirut, an escape chute was lowered from the plane's front door. The freed passengers slid down to the tarmac and ran to a fire station.

The hijacking was the third this week involving the Beirut airport. One freed hostage, Irma Garza of Laredo, Texas, said the hijackers had shot a black man, apparently a passenger, in the neck. She said the man did not appear to be in serious condition, adding she did not know why he was shot.

The hijacker, speaking with a Lebanese accent, denounced what he called "American practices to control the Middle East."

■ Action by Reagan
President Ronald Reagan sent a message to President Chadi Benjedid asking him to allow the plane to land at Algiers, according to sources quoted by Agence France Presse in Washington.

[Algeria's press agency, monitored in Paris, said the hijackers

South Africans Attack Rebels In Botswana

By Alan Cowell

New York Times Staff

JOHANNESBURG — South African commandos, operating in darkness, attacked Gaborone, the capital of neighboring Botswana, early Friday to strike at targets that a South African official said were the "nervous center" of the insurgent African National Congress.

Sixteen persons, one of them a six-year-old girl, were reported killed in the attack, the first against the capital of a black-ruled neighbor since October 1983, when South African commandos attacked an office in Maputo, Mozambique.

One South African was reported wounded in Friday's raid.

[The United States recalled its ambassador on Friday from South Africa to protest the attack, the State Department said in Washington.]

The department spokesman, Bernard Kalb, linked Ambassador Herman W. Nickel's recall to the incursion into Botswana and to the capture on May 21 of a South African patrol in Cabinda, northern Angola. United Press International reported. The patrol was apparently on a mission to sabotage a U.S.-operated refinery there. "The U.S. government condemns South Africa's attack on Botswana," Mr. Kalb said.

Friday's attack was South Africa's first known strike against Botswana, a landlocked, diamond-exporting country that is economically dependent on South Africa and with which it shares a customs union.

South African officials said that nine houses and an office complex were attacked by troops armed with grenades and automatic rifles. They said South African troops used megaphones to warn civilians and police to keep clear of the targets of the 40-minute raid at 1:15 A.M. But newspaper reports from Gaborone said that at least two citizens of Botswana were killed by an explosion.

The chief of the South African Defense Force, General Constand Viljoen, described the raid as a success, but warned that further attacks would follow if Botswana did not agree to a peace pact.

Business circles were expecting a wage-and-price freeze and possibly the creation of a new monetary unit known as the "Argentino," which would be indexed so as not to lose its value.

Argentina inflation is running at around 25 percent to 30 percent a month, a rate the government pledged to reduce to 8 percent a month by April 1986 in the agreement with the IMF for a standby credit of \$1.2 billion.

The agreement must be approved by the IMF's executive board and disbursements of the credit will not begin until August.

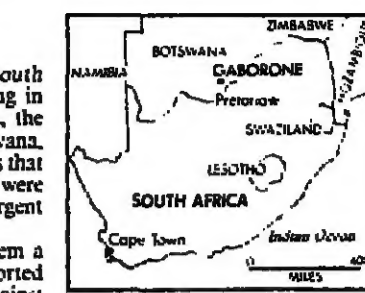
The country paid \$250 million in back interest this week that brought it current to Dec. 30, 1985.

The central bank received a setback when a federal court of appeals ruled unconstitutional a directive freezing Argentina's dollar deposits for 120 days on May 17. Dollar deposits were frozen after Banco de Italia y Rio de la Plata, the nation's third-largest private bank, collapsed May 10.

The central bank devalued the peso by 18 percent Tuesday to boost exports and comply with recommendations of the IMF to control inflation.

On Thursday night, Alfredo Conception, the central bank president, ordered a bank holiday for Friday. All transactions were to be halted, apparently to head off massive withdrawals.

The move followed a day of jitters in the Buenos Aires financial markets. In the black market, the dollar shot up from 855 pesos to a peak of 1,100.



Map showing Botswana and South Africa.

Argentina Closes Banks; Reforms Due

United Press International

BUENOS AIRES — Argentina's central bank ordered all banks closed Friday, and the government said it would announce drastic economic reforms to curb runaway inflation.

President Raúl Alfonsín was expected to outline the program in a television address.

Meanwhile, U.S. officials said Friday that the United States and several other countries have agreed to a \$480-million bridge loan for Argentina that is expected to be announced over the weekend. Argentina has a \$45-billion debt, the developing world's third largest.

The loan, which is intended to tide Argentina over until it can begin receiving disbursements from the International Monetary Fund and international banks, was to have been triggered Tuesday when Argentina and the IMF agreed on an economic program.

Twelve countries are participating in the loan, including Japan, France, Canada, Mexico and Brazil. The United States, whose contribution is \$150 million, took the lead in arranging the package.

German Lopez, a spokesman for President Alfonsín, said Thursday that the government would disclose a stringent anti-inflation program Friday and "all the steps necessary to be taken."

Business circles were expecting a wage-and-price freeze and possibly the creation of a new monetary unit known as the "Argentino," which would be indexed so as not to lose its value.

Argentina inflation is running at around 25 percent to 30 percent a month, a rate the government pledged to reduce to 8 percent a month by April 1986 in the agreement with the IMF for a standby credit of \$1.2 billion.

The agreement must be approved by the IMF's executive board and disbursements of the credit will not begin until August.

The country paid \$250 million in back interest this week that brought it current to Dec. 30, 1985.

The central bank received a setback when a federal court of appeals ruled unconstitutional a directive freezing Argentina's dollar deposits for 120 days on May 17. Dollar deposits were frozen after Banco de Italia y Rio de la Plata, the nation's third-largest private bank, collapsed May 10.

The central bank devalued the peso by 18 percent Tuesday to boost exports and comply with recommendations of the IMF to control inflation.

On Thursday night, Alfredo Conception, the central bank president, ordered a bank holiday for Friday. All transactions were to be halted, apparently to head off massive withdrawals.

The move followed a day of jitters in the Buenos Aires financial markets. In the black market, the dollar shot up from 855 pesos to a peak of 1,100.

UN Troops To Be Freed, Israel Says

By Edward Walsh

Washington Post Service

JERUSALEM — Twenty-one Finnish soldiers from the United Nations force in Lebanon who have been held hostage for a week by an Israeli-backed militia were to be freed Saturday, the Israeli military command announced Friday night.

The announcement followed a day of high-level discussions here and public statements by a senior UN official that military force would be considered if the 21 Finns were not soon released.

A UN spokesman confirmed the Israeli Army announcement, saying that the release of the soldiers, members of the UN Truce Force in Lebanon, or UNIFIL, was scheduled for 11 A.M. Saturday in Marjayoun, site of the headquarters of the Israeli-backed South Lebanon Army where the hostages are being held.

A few hours earlier, Brian E. Urquhart, the UN's undersecretary general, said that the use of force by the UN would be a "last resort," but he repeatedly returned to the possibility of such a course.

Mr. Urquhart also publicly criticized Israel, which until Friday had supported the South Lebanon Army's demands and had asserted that it had no control over the militia, which is trained, equipped and financed by the Israeli Army.

The breakthrough followed a meeting Friday between officials of the International Committee of the Red Cross and Brigadier General Antoine Lahad, commander of the South Lebanon Army.

The Red Cross officials told General Lahad that 11 of his militiamen in the hands of Amal, the Shiite Moslem militia and a rival of his forces, said in interviews Thursday that they do not wish to return to the South Lebanon Army.

On June 7, the 11 militiamen, all Shiites, turned up in the Lebanese port of Tyre, which is under the control of Amal.

The South Lebanon Army then captured more than 20 Finnish soldiers from UNIFIL, charging that the Finnish UN battalion had disarmed one of its units and turned over the militiamen to Amal.

General Lahad demanded the return of his 11 men in exchange for the release of the Finns.

Ethiopian Famine Draws Army of Veteran Relief Specialists



Dr. George Ngatiri, a Kenyan, examining a starving child at a relief center for victims of the famine in Ethiopia.

By David Lamb

Los Angeles Times Service

ADDIS ABABA, Ethiopia — Many of them are veterans of Biafra, Bangladesh and Cambodia, people who have spent much of their lives following disasters. Now the world has a new calamity, the Ethiopian famine, and they are drawn to it like soldiers to a war. For this is where the battle for survival is being fought.

They are called relief specialists, or development technicians. They work long hours for little pay and no individual glory. They are saving thousands upon thousands of Ethiopian lives.

There is Dr. Peter Jordans, who has temporarily left his medical practice in the Netherlands to care for the sick and the starving in Almaty.

There is Sister Berilla of India, a member of Mother Teresa's Missionaries of Charity, who has worked with refugees throughout Africa. "It is my place to help," she said.

And there is Carolyn Kippenberger, a nurse on leave from a hospital in New Zealand. She looks after malnourished infants in the relief camp of Abet and considers herself privileged to be there.

Bob Gibson, 45, a cardiologist from Oregon who is working here as a pediatrician, said: "For me this is an opportunity to fulfill all the things I thought about when I started medical school. In the United States, you find in a sense that you're working as a cog in the system. Here you really feel useful. What you do makes a difference, a tremendous difference."

No one knows how many relief workers are in Ethiopia helping the estimated seven million famine victims, but with 45 private agencies

providing emergency supplies, the number certainly runs well into the hundreds. Most are hard pressed to explain exactly why they are in Ethiopia, though what creeps into most conversations is a disdain for the routine and a hint of idealism, often with a Christian overlay.

Steve Reynolds, 26, of Monrovia, California, said: "After working in Ethiopia, I don't think I could be happy going home and sitting behind a

desk eight hours a day writing memos that no one reads, or trying to think up ways to make money so I could live better."

Miss Kippenberger, the New Zealander, said: "Even if you're surrounded by children who are going to die, you can share kindness, water, food, medical care. In a way, we're doing what the Lord would do if he was here. He has given me a very special love for these people."

Patricia O'Gorman, a nurse with the Irish charity agency Concern, said: "I guess I'm just a traveler at heart. The first time you come out, you come for all the good reasons. The second time, you're wiser. It's a difficult life — rewarding, but difficult."

For the relief specialists, there are few amenities. They work from dawn to dusk in isolated feeding centers throughout the country. They sleep in tents or sheds, eat injera, a pancake made from grain, and find that the sorrow and brutality of the famine would be overwhelming

if it were not for the beauty of the land and the people.

Senior relief officials say the young men and women attracted to disasters today are different from the idealists of the 1960s, who were out to change the world. And most have specific skills to offer. They do not proselytize and they do not have any illusions that their contribution will affect more than a relative handful of people.

"These people are so straight that I don't even dare let anyone know I've got a bottle of whiskey in my bag," said an older American volunteer in Abet. "When they have tea in the afternoon, I put a shot in my cup and drink it in my tent. I feel a little silly doing that at my age, but those are the game rules."

Kurt Jansson, the UN assistant secretary-general for emergency operations in Ethiopia, lauds the present generation of relief workers as a "high quality group." Their efforts, he said, have been directly responsible for saving countless thousands of lives, but few seem to have any personal sense of importance and none appear concerned with money or comfort.

"It's hard to figure out the reasons for coming," said Jim Kinsella, an Irish agricultural specialist in Abet who has volunteered his services to Concern for two years. "I guess I just wanted a touch of adventure and a chance to see something different and do something that helped someone else."

He stood in a tin-roofed shed as he talked, filling bags with seed grain that would be given along with a hoe to each of 5,000 families who would soon leave the camp for resettlement. This would be the first step in getting the displaced peasants back to their villages to prepare for a new harvest.

Mengele's Son Gives Documents on Fugitive's Life to Magazine

By James M. Markham

New York Times Service

BONN — The son of Dr. Josef Mengele has given a Munich-based weekly hundreds of photographs, letters and other documents depicting the Nazi war criminal's life on the run in South America, an editor for the magazine said Friday.

Norbert Sakowski, deputy editor in chief of Bunte Illustrierte, said in an interview that the popular weekly would commence publishing a series of articles based on the Mengele materials next week.

Mr. Sakowski said that information emerging from the documents and from Rolf Mengele, 41, son of the Auschwitz physician, showed that the fugitive had lived in several South American countries and came to Europe "quite a number of times."

He said that family members traveled to meet with Dr. Mengele

"constantly" on their own passports.

"For me, it's quite unbelievable that they never caught him," said Mr. Sakowski, referring to the hunt for the war criminal.

Earlier reports have indicated

Publicity surrounding the Mengele case is seen pressuring other fugitive Nazis. Page 2.

that Dr. Mengele returned incognito to Günzburg, West Germany, in 1959 to attend his father's funeral. He said that the Mengele papers showed a man who believed that the Nazis had a Darwinian right to triumph over the weak and to exterminate the Jews.

"Up until the end his opinion was that what he did was right," said Mr. Sakowski.

[In São Paulo, where the authorities say they may have uncovered the grave of Dr. Mengele, the police

chief said Friday that evidence from the medical examination of remains exhumed from the grave last week was consistent with the body being that of Dr. Mengele, Reuters reported.]

Mr. Sakowski said that he had little doubt about the authenticity of the documents received by his magazine, but that a team of historians was checking them out.

"If you look at the pictures, there is not the slightest doubt," he said, and noted that "50 to 100 letters" from Dr. Mengele to his relatives were stamped. "If you read them, there's no doubt. It's very banal — how the weather was, like that."

Mr. Sakowski said that Rolf Mengele had supplied the cache Tuesday and asked for no remuneration for it.

He said that if the magazine made a profit from selling the reprint rights to other publications it had decided it would be given to the survivors of the Auschwitz

death camp, where Dr. Mengele performed horrific experiments on twins, dwarfs and other prisoners and became known as "The Angel of Death."

Mr. Sakowski, reached at his Munich office, said of Rolf Mengele: "He decided to give the material to us and we decided to pay not one penny for it. His motive was that he was burdened by the heritage of his father. He felt that if all of these details were published some day, or very soon, it would all be over."

Rolf Mengele issued a statement Tuesday on behalf of his family saying that he had no doubt that the body disinterred outside São Paulo on June 6 was that of his father.

Through a makeshift public relations office set up in Munich, Mr. Mengele disclosed Friday in a second statement that he would give a photograph of the fugitive taken in the 1970s and samples of his hand-

writing to the Frankfurt prosecutor's office. The son said he would also furnish proof that he visited Brazil in December 1979, 10 months after his father is said to have died in a swimming accident.

■ Fingerprint Tests Awaited
The São Paulo police chief, Romeu Tuma, said that while forensic evidence continued to indicate the remains were those of Dr. Mengele, the first real confirmation of identity would come from fingerprints hopefully on Monday, Reuters reported.

■ Wiesenthal Seeks Proof
In California, Simon Wiesenthal, the Nazi hunter, said Thursday that he would end the search for Dr. Mengele if experts from the United States, Brazil and West Germany confirmed that the remains were those of the Nazi fugitive.

He said three American specialists in forensic medicine would go to Brazil to examine the bones.



Simon Wiesenthal

INSIDE

■ U.S.-Soviet relations have failed to improve under the Gorbachev regime. Page 2.

■ President Reagan declared that his tax reform plan was good for all Americans. Page 3.

ARTS/LEISURE
■ A sale of Khmer sculpture in London had some bargains for the careful buyer as well as traps for the unwary. Page 4.

BUSINESS/FINANCE
■ U.S. industrial output slipped in May while wholesale prices edged higher. Page 7.

SPECIAL REPORT
■ Mubarak scores in foreign policy, but Egypt's economic problems remain. Page 9.

MONDAY
■ "In the Soviet Shadow," the first of a three-part series on the hopes and frustrations of the East European nations.

Both U.S. and Soviet Seem Disillusioned About an Early Thaw

By Jim Hoagland
Washington Post Service

MOSCOW — Soviet-American relations have failed to improve in an initial round of mutual probing by a new leadership in the Kremlin and the second-term Reagan administration, in the view of senior Soviet officials and analysts.

That probing appears to have reached a critical stage, where decisions by both sides could set the course of the Soviet-American relationship for the rest of the Reagan administration, in the view of the Soviet figures.

Any expectations that President Ronald Reagan's sweeping re-election victory and the accession to power of Mikhail S. Gorbachev, 54, might open the way for a dramatic bid to improve relations have evaporated, the Soviet sources suggest.

If anything, the tone of the relationship has become more strident as both sides appeared at first to move toward a get-acquainted meeting of their leaders and then backed away in mutual suspicion that the other side was laying a propaganda trap.

Unstated but evident in many of the comments by Soviet foreign policy advisers is the idea that the Gorbachev team, after an initial assessment, is close to deciding to wait out the next three years, seeking public opinion gains since real business can be done now, and see what the next U.S. administration offers.

Even small gestures that might

have been expected to lessen tensions seem to have gone awry. A visit to Moscow last month by Secretary of Commerce Malcolm Baldrige, whom Mr. Gorbachev received, produced no visible results on trade issues and has left a bad taste in the Soviet capital.

Confidence-building measures proposed by Mr. Reagan in his May 8 speech at Strasbourg,

NEWS ANALYSIS

France, such as establishing a hot line between U.S. and Soviet military commanders, are dismissed as insincere or meaningless by the Russians. They focus instead on what they describe as the president's apparently willful failure to mention the Soviet Union's role in World War II in that speech.

"We might welcome some of the steps the president mentioned in the context of a certain policy," said Georgi A. Arbatov, head of the Soviet Union's Institute on the United States and Canada. "But that is not the case. Even if you have 10 hot lines in a dangerous situation, it still would not be productive. It is the policy that is the problem."

"It would have been better in the speech on the 40th anniversary of the end of World War II 'to have mentioned the Soviet Union than to propose these things,' he said.

An underlying theme in conversations with Soviet foreign policy advisers at this point is that the

Soviet Union has to a large extent disengaged from trying to formulate policies based on Reagan administration actions or proposals.

Vladimir B. Lomeiko, director of the press department at the Foreign Ministry and a close associate of Foreign Minister Andrei A. Gromyko, said "what is important" is that Mr. Reagan and his administration must get used to the idea that it is necessary to stop stockpiling nuclear weapons now.

"What is important is the political and philosophical approach," he said. "A patronizing attitude by one side to the other will not bring progress."

Mr. Lomeiko, speaking before Mr. Reagan announced his decision on accepting the SALT-2 record's limit of 1,200 multiple nuclear warhead launchers and to dismantle a nuclear submarine, appeared to be discounting in advance the impact of Mr. Reagan's decision by stressing the independent nature of Soviet policy.

Mr. Lomeiko reacted testily when asked about a recent news agency report quoting the editor of Pravda, Victor G. Afanasyev, as having said that Mr. Gorbachev was likely to visit the United Nations in the fall. This report, which associates of Mr. Afanasyev now say distorted his remarks, stirred speculation that Mr. Gorbachev and Mr. Reagan might meet in New York, an idea both sides now appear to have rejected.

"It was not we who put forward



'A patronizing attitude by one side to the other will not bring progress.'

—Vladimir Lomeiko,
Soviet Foreign
Ministry spokesman

this idea" of a Gorbachev trip to the United Nations, Mr. Lomeiko said. Asked about the possibility of a meeting between the two leaders in another locale within the next year, Mr. Lomeiko emphasized the problems in arranging such an encounter, even though the Russians have given a general, positive response to Mr. Reagan's suggestion that he and Mr. Gorbachev meet.

"It is not a simple process," he

said. "First and foremost, it has to be carefully prepared. It is an issue that depends on the two sides."

Both Soviet and U.S. officials are reticent in discussing the meeting between Mr. Gorbachev and Mr. Baldrige, and few details seem to have filtered out. But some reports have suggested that the Russians concluded that Mr. Baldrige had been engaged in a testing operation of Mr. Gorbachev. What may have

been an acrimonious exchange has probably retarded chances for an early meeting.

The meeting "was not a watershed in Soviet-American relations," Mr. Arbatov said. "It did not make any improvement."

He added: "In fact, we continue to be in something close to a state of economic warfare."

Mr. Gorbachev's decision to see the American cabinet member was probably intended "to show that he honestly is for an improvement in Soviet-American relations," according to Mr. Arbatov. "He had to deal with the sheer fact of how his saying no to a request from Mr. Baldrige to see him would be assessed outside the Soviet Union."

The continuing dispute over arms control, which has shifted from Soviet pressure to block the deployment of U.S. missiles in Western Europe to Soviet opposition to Mr. Reagan's Strategic Defense Initiative for placing a missile defense in space, appears to have persuaded the Russians that nothing more than symbolic gains can be made at a meeting of Mr. Gorbachev and Mr. Reagan at this point.

Moreover, they appear to have concluded that the Reagan administration has reached the same belief, and is maneuvering for maximum advantage in the game of public relations by insisting on Mr. Gorbachev's coming to Washington as the price for a meeting.

WORLD BRIEFS

Suicide Bombers Hit Lebanese Army

BEIRUT (AP) — Two suicide bombers crashed a car loaded with explosives into a Lebanese Army position in West Beirut Friday evening, killing 23 persons and wounding 36, the state radio said.

The attack was made against the army's main Shi'ite Moslem jih Brigade, which is deployed in West Beirut. The state radio said among the 23 persons killed were three soldiers. Soldiers said two men were riding in the car and were killed when the automobile exploded.

The state radio issued appeals through radio stations for "urgent blood donations and for all doctors to report immediately to duty at hospitals to save the lives of victims." It was the first major explosion in Beirut since a car bomb in a Christian East Beirut neighborhood on May 22 killed 58 persons and wounded about 200.

Iraq Says It Will Stop Shelling Iran

BAGHDAD (APF) — Iraq will stop shelling Iran for two weeks starting Saturday morning, President Saddam Hussein said Friday.

He said the decision had been taken to give Iran another chance to think about peace and for the Iranian people to put pressure on its government to end the conflict.

Mr. Hussein said that Iraq could resume its attacks if the Iranians shelled Iraqi towns, launched a new attack against Iraq or massed its troops for a new offensive, or if the offer of peace was rejected. The announcement came on one of the heaviest days of shelling by Iranian sides since attacks on civilian objectives resumed on May 25 at a six-week lull.

Force-Feeding of Sakharov Reported

OTTAWA (UPI) — The Soviet dissident physicist, Andrei D. Sakharov, was force-fed, suffered a stroke and lost consciousness days after he began a hunger strike in May 1984, Dr. Sakharov's wife said in a letter that was read to reporters here Friday.

Tatiana Yankelovich, Dr. Sakharov's daughter, wept openly as she read portions of the letter, written in November by the physicist's wife, Yelena G. Bonner. A copy of the letter, received Thursday by Mrs. Yankelovich, was released publicly in Ottawa, where delegates to the 35 countries attending a human rights conference. The letter was sent to friends of Dr. Sakharov in the Soviet Union and made its way from Mrs. Yankelovich at her home in Massachusetts.

"On May 12," the letter said, "he was force-fed, at first intravenously, then by tube through the nose... all very excruciating." According to the letter, Dr. Sakharov had a stroke and lost consciousness and later exhibited symptoms associated with Parkinson's disease. Dr. Sakharov and his wife, who have been living in internal exile in Gorki, a city closed to foreigners 200 miles (325 kilometers) east of Moscow, have not been seen by friends or colleagues since Feb. 25.

U.S. Suspends Cuban Immigration

WASHINGTON (AP) — The Reagan administration said Friday that it would suspend admission of Cuban immigrants to the United States. The move, which followed a disagreement with Havana over radio broadcasts to Cuba, virtually ended a refugee agreement reached in December.

About 1,000 Cubans who had received visas were immediately affected. About 300 others had already entered the United States.

The December accord had appeared to clear the way for up to 20,000 immigrants a year as well as 3,000 former political prisoners. About 2,500 so-called "undesirables" from the 1980 "boatlift," some of them mentally ill or criminals, were to be accepted by Havana. Visa processing was to be resumed in Havana.

Cuba suspended its obligations under the agreement after the Reagan administration began operating Radio Martí, which broadcast reports to the island denounced by Havana as propaganda.

Delors Urges Talks With U.S. on SDI

BRUSSELS (Reuters) — The president of the European Commission, Jacques Delors, called Friday for talks with the United States to prevent U.S. research into space-based missile defense systems from causing scientists to leave Europe.

Mr. Delors said it was impossible to prevent companies from being lured by proposals under the plan, which the U.S. administration has named the Strategic Defense Initiative, or SDI, and which will receive \$26 billion over five years.

"What we need is negotiations with the United States," he said at a news conference after a meeting of industrialists. "Otherwise those responsible for SDI will go to the European supermarket, look at the things in the window that interest them and carry them off back home."

Mr. Delors said that a number of conditions had to be met if Europe's Eureka plan for technological research, proposed by President François Mitterrand of France and due to be discussed this month at a summit meeting of European Community leaders in Milan, was to become a credible alternative to SDI. In particular, he said, substantial resources and a clear organizational framework would be needed.

For the Record

The last remaining Canadian diplomats in Lebanon left the country for the Syrian capital of Damascus because of the deterioration in security, diplomatic sources said Friday. (AP)

The United Airlines pilots' union continued its study of a tentative contract settlement Friday. The pilots have a Saturday deadline to approve the pact. (UPI)

North Korea has agreed to South Korea's proposal to hold a preliminary meeting July 9 at Panmunjom to discuss the opening of interparliamentary talks, officials said in Seoul. (AP)

About 800 Norwegian oil workers went on strike Friday and will be joined by 2,500 others on Saturday, virtually shutting down test drilling and oil production on the Norwegian continental shelf. (AP)

Twenty-eight deaths or stillbirths since April have been linked to contaminated cheeses, California state health officials announced. The manufacturer of the cheeses has closed voluntarily, and recalls were announced in California, Arizona and Texas. (AP)

South Africa Attacks Targets Of Insurgents in Botswana

(Continued from Page 1)

He also said, however, that grenade attacks on two legislators of mixed racial descent last Wednesday had been "the last straw." The African National Congress had denied that it was responsible for the grenade attacks.

Gaborone lies a short distance from the border between South Africa and Botswana. General Viljoen indicated that small groups of commandos crossed the border and split up into groups to launch simultaneous attacks on each of the 10 targets. Another unit guarded the highway to facilitate escape.

At one point, he said, a car sped toward the unit holding the highway and its occupants opened fire on the South African commandos, who fired back, killing two persons.

A Dutch citizen living in Botswana was said to be among the dead. General Viljoen said 13 persons were killed in the attacks on houses and offices and that two persons were killed in the car. Additionally, he said, Radio Botswana had reported the death of the six-year-old girl, apparently one of two children reported to him, he said, as wounded in cross-fire.

■ U.S. Questions Sincerity

The attack on Botswana raised "the most serious questions about South Africa's sincerity" in the negotiations with the United States on bringing about a peaceful resolution to southern Africa's problems, United Press International quoted Mr. Kalb as saying.

He described the attack on Botswana as "particularly deplorable" and said the South African government had failed to come up with a satisfactory explanation for the presence of a heavily armed military group 1,000 miles (1,600 kilometers) inside Cabinda, Angola. South Africa has said the group was on an intelligence mission.

Soviet Says U.S. Envoy Was Spying

The Associated Press

MOSCOW — Soviet authorities detained a U.S. diplomat who, the press agency Tass said Friday, had been caught conducting "a major espionage action." He was ordered to leave the Soviet Union.

In a dispatch attributed to the KGB, the security police, Tass identified the diplomat as Paul Stombaugh and said he was detained Thursday in Moscow.

A U.S. Embassy official, asked for comment, said it was the first he had heard of Mr. Stombaugh's being ordered to leave the Soviet Union and therefore was unable to confirm the Tass report.

The U.S. State Department and other agencies do not ordinarily comment on espionage charges as a matter of policy.

Mr. Stombaugh, who works in the embassy's political section, said he had not heard of the expulsion until he was contacted by the Moscow bureau of The Associated Press.

He declined to comment on the charges against him or to say whether he had been detained.

He was the first U.S. diplomat to be ordered from the Soviet Union on espionage charges since Leon David Augustenborg, who worked at the consulate in Leningrad, and his wife were detained and accused of spying.

Tass said Mr. Stombaugh was apprehended "in the act of conducting an espionage action."

"A major espionage action by United States special services against the Soviet Union was cut short," the agency said in a dispatch headlined "In the State Security Committee of the U.S.S.R."

"Materials fully exposing this staff member of the United States Embassy as engaging in espionage activity incompatible with his official status were obtained in the course of the investigation," Tass said.

"For his unlawful actions, Paul Stombaugh was declared persona non grata and is being expelled from the Soviet Union," the three-paragraph report said.

Mr. Augustenborg was ordered out of the Soviet Union on Sept. 12, 1983, after he and his wife, Denise, were detained and accused of trying to collect what newspaper reports called a "spy container."

Earlier in 1983, a U.S. economic attaché, Richard Osborne, was seized in a Moscow park reportedly while trying to make a radio transmission.



Prime Minister Bettino Craxi of Italy, left, and President François Mitterrand of France flew from Florence to Pisa after discussions that touched on EC members' right to veto.

EC Panel Reportedly to Ignore Veto Official Says Commission Will Cut Grain Price Subsidies

BRUSSELS — The European Community's executive body will force cuts in subsidized grain prices despite a West German veto, a senior official said Friday.

The chief adviser to Frans Andriessen, the community's agriculture commissioner, said the Executive Commission would reduce prices to ensure that grain markets operated smoothly in the absence of an agreement among the governments.

"It is not a price-fixing as such, but effect will be exactly the same," Carlo Trojan said at a conference on grain.

The new price for rapeseed is to become effective July 1, and prices for other grains on Aug. 1.

Bonn blocked a 1.8-percent price cut Wednesday with the first veto it has ever exercised, causing a new crisis for the community and blocking plans to change its agricultural policy.

Mr. Trojan said the commission would take steps to prevent speculative grain sales, to normalize trade and to keep within the EC budget.

He gave no details but predicted that the market would be managed "in line with the final compromise

proposed to ministers," referring to the plan for a 1.8-percent price cut.

Diplomats said the Executive Commission's move, which involved a radical interpretation of its powers, could exacerbate its dispute with Bonn. They predicted the measure would rally behind West Germany those nations that supported the right of veto but disagreed with Bonn on the grain price subsidies.

The West German agriculture minister, Ignaz Kiechle, has blamed the commission for the dispute, arguing that it has refused to seek a compromise.

Official West German sources said Friday that Bonn had used its veto because the Executive Commission was exceeding its power to "an unprecedented extent."

The sources said the issue would force West Germany to reconsider its previous support of moves to give the commission and the European Parliament greater powers.

Craxi Criticizes Veto

Prime Minister Bettino Craxi of Italy condemned Friday the veto by West Germany. Reuters reported from Florence.

Speaking at a news conference after two days of talks with President François Mitterrand of

France, Mr. Craxi said the justification for Bonn's move was unconvincing.

He said the incident reinforced the argument that a country should clearly demonstrate the claim that its vital national interests were at stake before exercising its power to veto.

Mr. Craxi said that he and Mr. Mitterrand agreed that "a real and genuine abuse of the right of veto" was threatening to paralyze the community.

The West German decision came two weeks before the summit conference of EC leaders in Milan, which is to be chaired by Mr. Craxi.

Mr. Craxi and Mr. Mitterrand devoted part of their talks this week to plans for more majority voting in EC institutions.

Comecon Proposes Relations

Comecon, the East bloc trade alliance, officially proposed a resumption of talks Friday aimed at establishing formal relations with the European Community. The Associated Press reported.

Foreign ministers of the EC had agreed last weekend to respond favorably to such an offer. The proposal was first broached last month to Mr. Craxi by Mikhail S. Gorbachev.

Mengele Publicity Seen Pressuring Nazi Fugitives

By Tyler Marshall
Los Angeles Times Service

BONN — The publicity surrounding efforts in Brazil to identify human remains believed to be those of Josef Mengele, the Auschwitz concentration camp doctor, is likely to increase pressure on Nazi war criminals still at large, according to West German officials involved in the investigations.

"Whenever there is a major find or a lot of publicity, it brings others up, too," said Alfred Streim, director of the Center for the Investigation of Nazi War Crimes in Ludwigsburg, a few miles north of Stuttgart. The center is the principal West German government institution devoted exclusively to gathering evidence about fugitive Nazi criminals.

"We are optimistic the Mengele affair will generate new pressure on the big names," said Mr. Streim, who has worked at the center for 22 years.

The passage of time, deaths of some of those on the run and, occasionally, the arrest of an old Nazi have all reduced the center's caseload. From a peak strength of 50 prosecutors and a staff of 130 in the late 1960s, the center now operates with 10 prosecutors and a back-up staff of about 40 people.

Still, despite the passage of four decades since the end of World War II, Mr. Streim said, new evidence continues to come into the center and 30 new cases have been opened this year.

About a dozen Nazi war criminals who Mr. Streim calls "big names" are still believed to be in hiding.

Approximately 135 cases, mostly involving minor war criminals, are pending.

"These are people well down the

chain of command," Mr. Streim said.

Although none of the prominent Nazis at large compare to Dr. Mengele in notoriety, their crimes are considerable.

Alois Brunner, a senior member of Hitler's elite SS, the organization charged with administering the concentration camps, helped Adolf Eichmann arrest and deport Jews from Vienna, and signed deportation orders for an estimated 46,000 Greek Jews in 1943. Most of those deported died at the Auschwitz camp in Poland.

The West German authorities say they believe that Mr. Brunner is living under an assumed name in Syria, most likely in Damascus.

The public prosecutor's office in Cologne, which is in charge of the Brunner case, issued an extradition order this year, partly, Mr. Streim said, because there were hints of a change in the Syrian government position on the matter. However, there has been no breakthrough.

A March 1983 report in the Times of London identified Mr. Brunner as living as an Austrian prisoner under the name George Fischer in Damascus. The newspaper said that Mr. Fischer lived under armed government protection and at one time had served as an

adviser to the Syrian security police.

Walter Kutschmann, who is accused of murdering an estimated 2,000 Jews while serving as a lieutenant in the SS, is thought to be living in Buenos Aires, also under an assumed name.

Josef Schwammberger, who was commandant of the Płaszów concentration camp in Poland, also is believed to be living in Argentina.

West Germany's 20-year effort to obtain the extradition from Chile of Walter Rautf, who organized convoys of mobile gas chambers in which an estimated quarter of a million people were killed, ended last year. Mr. Rautf, who had lived in Santiago since the early 1960s, died days before a West German charge sheet was scheduled to go to Santiago.

There is also success, as was proved two years ago when Bolivia expelled the Gestapo officer Klaus Barbie, who presided over the killings and deportations of thousands of French Jews from 1942 to 1944. He is now preparing to stand trial in France.

"As long as we continue to get evidence and as long as Nazi criminals are still free, we have a job," Mr. Streim said.

Solidarity Activists Sentenced To Prison Terms in Poland

United Press International

GDANSK, Poland — Three activists of the outlawed Solidarity labor movement were sentenced Friday to prison terms ranging up to three and a half years. But Lech Walesa, the movement's leader, vowed that the Solidarity underground would continue despite government repression.

Presiding Judge Krzysztof Ziemiński sentenced the dissidents, Wladyslaw Frasyniuk, Adam Michnik and Bogdan Lis, to prison for planning a 15-minute strike to protest food price increases. The strike was canceled when the government revised the price-increase plan.

The three were accused of running the underground Solidarity headquarters and trying to overthrow Poland's Communist system.

Mr. Frasyniuk was sentenced to three and a half years in prison, Mr. Lis to two and a half years and Mr. Michnik to three years. Poland's official PAP news agency said.

The convictions were viewed as a particularly stern warning to Mr. Walesa, who has said that he pre-

sided at the meeting at which the three men were arrested.

"The verdict evokes deep concern," said Mr. Walesa, who was not charged.

"We were dealing with a conscious provocation crushing all hope for the building of a dialogue," he said. "They want to say that whoever is obedient will not go to jail."

Mr. Walesa said that the authorities were "politically deviated people," adding: "It is their sickness."

He said that he and other activists would keep alive the Solidarity union, which was banned following imposition of martial law in December 1981.

■ Madrid Official Cancels Visit

Foreign Minister Fernando Morán of Spain has postponed a visit to Poland because the Warsaw government objected to his plans to visit the grave of the Reverend Jerzy Popieluszko, Reuters reported Friday from Warsaw. Members of Poland's security forces were found guilty of killing the priest, an outspoken Solidarity supporter.



Peter Boenisch

Bonn Aide Quits, Cites Tax Inquiry

Reuters

BONN — The West German government's chief spokesman, Peter Boenisch, resigned Friday because of an investigation against him by tax authorities, the press office announced.

The statement said Mr. Boenisch had asked Chancellor Helmut Kohl to relieve him of his post because of the inquiry, which involved a period before he was spokesman.

A spokesman for the West Berlin state prosecutor said Friday that he opened an investigation of tax evasion against Mr. Boenisch in April but that no charges had so far been filed. He gave no details of the amount involved.

Mr. Boenisch, 58, was appointed in 1983 as state secretary in the Press and Information Office, a junior cabinet post.

A flamboyant character and a confidant of Mr. Kohl, he held senior posts in the Springer publishing empire, including top editorial jobs with the tabloids Bild and Bild am Sonntag, before resigning in 1981 to do freelance writing.

In his letter to Mr. Kohl, he said he was resigning to avoid embarrassing the government.

The press office said that Mr. Kohl had accepted the resignation with regret and thanked Mr. Boenisch for his services.

The announcement said that Mr. Boenisch had been succeeded by Friedrich Oet, who runs a popular television weekly economic and social affairs program.

ARE YOU GETTING OLD?
DO YOU FEEL TIRED
AND DEPRESSED?

Clinic Bon Port Biotonus

The leading medical center for revitalization in Montreux, Switzerland

Provides:

- a complete and personalized check-up,
- an individualized treatment based on the very latest medical regeneration techniques.

"Cell therapy, I believe in it. No more anxiety every time I begin a reporting! I set out, certain of success, with no problems or depression."

N. Mamia, Document. Paris-Match, June 82.

"The multiplicity of the therapeutic techniques offered by Biotonus: Clinic Bon Port determined our choice for our inquiry."

Dr. Caro, M. D. Special Santé, March 1984.

For further information please send your visiting card to, or contact:

BIOTONUS HT, 24, Rue Port-Port
CH-1820 MONTREUX, SWITZERLAND
Tel. (021) 63 51 01. Telex 453 133

CHURCH SERVICES

PARIS
AMERICAN CATHEDRAL IN PARIS, 23 Ave. George-V, 75008 Paris. The Very Rev. James R. Leo, Dean. Metro: George-V or Alma-Marceau. Sunday 9 a.m., 11 a.m. Church school and nursery 11 a.m. Weekdays: 12 noon. Tel.: 720.17.92.

CENTRAL BAPTIST CHURCH, 13 Rue du Vieux-Colombier, 75006 Paris. Metro: St-Sulpice. Sunday worship in English 9:45 a.m., Rev. A. Soemerville. Tel.: 607 67 02.

PARIS SUBURBS
EMMANUEL BAPTIST CHURCH, residential area. English speaking, all denominations. Bible study: 9:45, worship: 10:45, 30 Rue Bon-Robin. Tel.: 749.15.29.

EUROPE
UNITARIAN-UNIVERSALIST, worship and activities in European context. Sunday 11:00. Dick, Springstrasse 20, 1271 NC Nalen, The Netherlands. Tel.: (+31) 01 2152 55073.

STOCKHOLM
EMMANUEL CHURCH, new city center. Friendly Christian fellowship. Sunday 11:00. Tel.: (08) 316051, 151225.

To place an advertisement in this section:
please contact:
Ms Elisabeth HERWOOD
181 Ave. Ch.-de-Gaulle,
92521 Neuilly Cedex, France.
Tel.: 747.12.65.

AMERICAN TOPICS



FOUR-STAR HERO — President Reagan pins a new star on General James H. Doolittle, 88. The hero of World War II, who holds the Medal of Honor, became the first four-star general in the air force reserve.

Getting Through The Revolving Door

When Langhorne A. Motley leaves office next month as assistant secretary of state for inter-American affairs, he will probably open a consulting firm with several Brazilian businesses as his first clients. Mr. Motley has dealt with many of these same people as assistant secretary of state.

No arrangements were concluded in advance. The Washington Post reports, and the State Department deputy counsel, Michael Kozak, said Mr. Motley, 47, provided a list of all his prospective clients and removed himself from any matters concerning them.

In this example of the legendary Washington revolving door that carries many former civil servants onto the payrolls of companies they dealt with while in government, Mr. Kozak said he gave Mr. Motley these rules for job-seeking: he could talk with anybody, on his own time, but he could have no official dealings thereafter with them while in office.

"He said he wanted to be totally straight and pure on this," Mr. Kozak said. "I wish all people here were as careful as he has been."

Short Takes

As police chief of San Juan Bautista, California, Lonny Hurlbut, 49, wears a 10-gallon hat, open shirt, black vest, jeans, Western boots and a holster on his hip for his 357 magnum revolver at all times, even when the 1,400-population town isn't thronged with tourists visiting nearby historic shrines. "People love it," the sheriff said of his cowboy look. But where's his horse? "You can't do police work riding a horse, other than traffic patrols in big cities," he said. "Anyway, the town can't afford to feed and care for a horse."

Color photographs of President Ronald Reagan on display at the White House include one of his controversial visit to the war cemetery at Bitburg, West

Germany, last month where 49 Nazi SS troops are among the dead. Wouldn't the administration rather forget that visit? Pete Rousset, deputy press secretary, said other parts of Mr. Reagan's European trip are displayed and "if we didn't have one up there for Bitburg we'd be asked why it wasn't there."

College commencement addresses by the class valedictorian, usually the graduating senior with the highest academic standing, began going out of favor with the fiery activist speeches that many of them were giving during the 1960s. More and more campuses prefer speeches by well-known figures who will attract news coverage.

Shorter Takes: The U.S. black population grew twice as fast as the white population from 1980 to 1984, reaching 28.6 million, or 12.1 percent of all Americans, according to the U.S. Census Bureau. ... Thanks in part to restrictions on Japanese imports, the car-manufacturing state of Michigan is rapidly recovering from its recent depression. Unemployment, for example, has dropped from 17 percent two years ago to 10 percent today. ... San Diego is pioneering distribution of federal food stamps by automatic teller machines, much like those used by banks.

Compiled by ARTHUR HIGGEE

Reagan Stoutly Defends His Income Tax Reform As Good for All Citizens

By Gerald M. Boyd

BLOOMFIELD, New Jersey — President Ronald Reagan mounted a spirited response to critics of his tax plan in a speech here, saying the proposals did not favor any state and would not harm taxpayers in high-income-tax states like New York.

The president spoke to several thousand flag-waving enthusiasts on one of several trips around the country to press the case for his proposed tax revision.

Bloomfield is about 15 miles (24 kilometers) from New York, where Mr. Reagan's proposal to end the federal deduction for state and local taxes has aroused vehement criticism.

Governor Mario M. Cuomo of New York, a Democrat, is a key opponent of the provision, which U.S. officials have called vital because the revenue it would provide would help offset cuts elsewhere.

The president said the current income tax system was "ready for the ash heap of history" and that Congress faced the difficult task of replacing it with one that is "fair and easy to comprehend."

The plan would simplify individual tax rates, and the exemption for state and local taxes, increase allowances for individual exemptions and cut from 15 to three the number of tax rates.

The president's visit to New Jersey for a speech devoted exclusively to his tax plan marked a renewed effort by the White House to use Mr. Reagan's popularity to muster support on the tax issue.

Bloomfield, with a population of 50,000, was chosen to give the president a small-town backdrop that, seen on television, comes across as a typical U.S. community.

The president said, without naming names, that opponents were trying to block his tax revision program, which he contended would benefit the family, reduce the influence of special interests and allow people to get ahead.

"Our tax reform is not without its foes," he said. "There are those who won't oppose it outright but who'll try to nickel and dime it to death. Others will use any false argument they can, any scare tactic, to cloud the truth and raise confusion."

"There are those who say our tax plan will benefit some states and hurt others. They say that when we eliminate the deduction for state and local taxes, we'll hurt the people who pay those taxes in the high-tax states."

"Well, again, it's simply not true," he said. "Governor Cuomo has said that the plan is unfair to New York and other states with high tax rates. He has also traded charges with a senior Reagan adviser, Patrick J. Buchanan, after Mr. Buchanan had suggested that high-tax states are 'neo-socialist' governments trying to 'redistribute the wealth.'"

Mr. Cuomo termed the remarks by Mr. Buchanan, the White House communications director, "stunningly irresponsible."

■ Senator Warns on Changes

At a Senate Finance Committee hearing Thursday, Bob Packwood, Republican of Oregon and the committee chairman, told a group of corporate-chief executive officers he feared that by the time Congress finished changing the tax reform plan it might be a significant money loser, United Press International reported from Washington.

"We think when we get to the end of this bill we may be a couple hundred billion dollars short," Senator Packwood said. "Then what do we do? Where do we get the money?"

■ Executives See Job Loss

Gary Klotz of the New York Times reported from Washington:

Representatives of capital-intensive industries told a House panel Thursday that the cutbacks in investment incentives in Mr. Reagan's tax plan, proposed as a way to pay for tax cuts for individuals, could cost many workers their jobs.

Executives of the Inland Steel Co. and the Houston Natural Gas Corp. said that a number of expansion projects planned could be jeopardized if the Reagan tax revision plan were enacted.

They told the tax-writing House Ways and Means Committee that the loss of the investment tax credit and cutbacks in accelerated depreciation would make the projects no longer profitable.

Kenneth L. Lay, chairman and chief executive officer of Houston Natural Gas, said his company's plans for a \$550-million hydrocarbon pipeline to Florida might be scrapped because the projected profitability of the project would be reduced by the plan. Frank Luessen, chairman of Inland Steel, called the president's plan "dangerous."

Ex-FBI Agent, Accused of Spying, Describes Affair

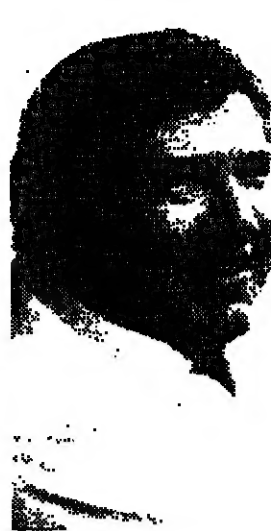
By Judith Cummings

LOS ANGELES — Richard W. Miller has testified that he was acting out "a James Bond kind of fantasy" last year when, as an agent of the Federal Bureau of Investigation, he became sexually involved with a Russian immigrant now accused of spying. The relationship, he said, "just sort of came with the territory."

Mr. Miller, the first FBI agent ever accused of spying, gave details Thursday of his affair with the woman, Svetlana Ogorodnikov, whom he said he had hoped to develop into an informer.

The agent was dismissed by the FBI last fall and he is accused of conspiracy to commit espionage with Mrs. Ogorodnikov and her husband, Nikolai, through the passing of secrets to the Soviet Union. Mr. Miller, 48, is testifying as a government witness at the trial of the Ogorodnikovs in Federal District Court here. His trial will be scheduled later.

The Ogorodnikovs have denied spying. Mrs. Ogorodnikov, 35, asserted that she thought she was helping the FBI through her dealings with Mr. Miller.



Richard W. Miller

Judge David V. Kenyon cautioned jurors on Thursday to avoid news accounts of other spy cases after learning that two jurors and two alternate jurors had heard reports of a remark by Secretary of Defense Caspar W. Weinberger that convicted spies should be executed.

The instruction came after lawyers for Mrs. Ogorodnikov complained that the comment was very prejudicial to their case.

Mr. Miller's testimony on Thursday came after earlier tough questioning by the prosecution. The former FBI agent, who is married and has eight children, admitted that by the time he met Mrs. Ogorodnikov he had a history of philandering and had been excommunicated by the Mormon Church for adultery.

He also admitted that he had been rated "minimally acceptable" as an FBI agent, had improperly used his job for financial gain and had stolen money from a family member and also from an elderly woman informer.

Mr. Miller repeatedly denied, however, that he had been having major financial problems, noting that his salary was about \$50,000 a year and that wife worked as a teacher.

Mr. Miller said that part of his motivation in getting involved with Mrs. Ogorodnikov had been that he wanted to redeem himself. "I wanted to improve my status with my fellow employees because I didn't feel I had much

respect," he said. He added that from the date of his second meeting with Mrs. Ogorodnikov, he had thought "she could be a veritable gold mine."

He said that she had contacted him, offering information on Soviet immigrants and asserting that she had contacts in the KGB, the Soviet intelligence agency.

"If I could pull this off," Mr. Miller said, "at least in terms of my employment I'd come out a hero."

He said he knew it was "improper" to have sex with an FBI informer, which is how Mrs. Ogorodnikov has characterized herself. He did not report the relationship to his supervisor.

"I was very embarrassed," Mr. Miller said, remarking that the sexual encounter was "not a bureau activity."

He said that he had discussed with his supervisor, Gary Auer, and a fellow agent, John E. Hunt, his first meeting with Mrs. Ogorodnikov, in May 1984, and her offer of information about immigrants. They warned him, he said, "to proceed with a yellow light of caution."

He had dinner with her the same day.

In Swap of Spies, Physicist Was Key

Officials Say East Germany Was Eager to Get Him Back

By Kathy Sawyer

WASHINGTON — Alfred Zehe, an East German physicist, was the key to the successful conclusion of three years of negotiations that led to the exchange Tuesday of four Soviet bloc spies for 25 persons who had "been helpful" to the United States, according to U.S. sources.

They described Mr. Zehe as a respected scientist who had been recruited by the East German intelligence service for an ill-conceived mission. He was apprehended and sentenced to eight years in a U.S. prison without having acquired any worthwhile secrets, the sources said.

"He seemed more of a prestige person than a master spy," said a source. "Maybe they feel a little worse for having gotten him into trouble than they do about some of the spies they use."

Another source said: "It's true he's the most valuable" of the spies exchanged by the United States, "but he's not a master spy."

Zehe's defense attorney, Harvey Silverglate of Boston, portrayed the scientist as an amateur who had yielded to coercion to spy to protect his academic standing and to win travel privileges.

The Federal Bureau of Investigation

says its investigation showed he was a professional spy.

In an exchange Tuesday on a bridge linking the two Berlins, the United States traded the physicist professor, 46, along with a Polish businessman, a Bulgarian trade official and an elderly East German woman for 25 persons from the Soviet bloc. All four had been convicted or indicted for espionage.

The East Germans said they were especially eager to recover Mr. Zehe, according to Westerners involved in the exchange.

The negotiations "blew up" in late 1984, according to a government source. At that time, the Soviet bloc's best offer was 18 of its prisoners in trade for the four, he said.

"For some reason," the source said, "the deal got better for the Americans."

There was speculation that the East German had been waiting to see if the U.S. legal system would release Mr. Zehe.

"It's possible that until that final piece was there — Zehe sentenced — that no kind of negotiating could have pulled it off," said a person familiar with the negotiations.

Those freed by the United States, besides Mr. Zehe, were: Marian Zacharski, a Pole; Penny

Kostadinov, a Bulgarian; and Alice Mickelson, an East German.

They were a small portion of what U.S. authorities say is a rising tide of agents sent to get secrets on technology.

Three of the four Soviet bloc spies had been turned in by American citizens, who pretended to be recruited and instead cooperated with the U.S. authorities.

The FBI and the U.S. Naval Investigative Service conducted a two-year investigation that led to Mr. Zehe's arrest in November 1983 at a Boston gathering of the American Vacuum Society, a group of physical scientists.

Rejecting the spying accusations, the physicist said after his arrest: "A highly trained spy? I am very sorry. I am a university professor."

Mr. Zehe later admitted that, under the direction of East German intelligence, he had met with a U.S. Navy employee seven times in 1982 and 1983 in Mexico City to buy secret documents. Affiliated with the University of Dresden, Mr. Zehe had been an exchange scholar at the University of Puebla in Mexico since 1976.

He paid the U.S. Navy employee \$21,800 for documents concerning military technology, the FBI said, and also gave him a special camera,



Alfred Zehe as he entered the U.S. Court in Boston

capable of taking up to 2,600 still photographs on one film cassette, and film specially prepared to photograph documents.

Mr. Zacharski, who got the most press publicity of the four spies, was sentenced to life in prison three and a half years ago, when he was 30, for conspiring with a Hughes Aircraft Co. radar engineer, William Holden Bell, to have film of documents on key weapons systems delivered to Polish agents in Europe.

U.S. to Issue Wage Rules For States

By Kenneth B. Noble

WASHINGTON — Labor Secretary William E. Brock soon will issue regulations requiring state and local governments to meet federal wage and hour standards, Labor Department and congressional sources say.

The action, which could mean higher earnings for hundreds of thousands of public employees, is to be announced in a few days. It follows the Supreme Court's ruling in February that the Labor Department has an obligation to enforce wage and hour standards over state and local governments.

In overturning a 1976 court decision giving the states special protections against federal interference, the Supreme Court held that the U.S. wage and hour standards cover employees of publicly owned mass transit systems. By extension, the court also affirmed the Labor Department's authority to regulate millions of other public employees.

Department and congressional sources said Thursday that state and local governments would be required to comply with the court decision beginning Oct. 15.

In addition, the governments would be liable for any back wages owed workers since April 15, when the Supreme Court made its final decision on the issue.

Congressional sources who were briefed on the new regulations said that they included complex formulas to calculate overtime hours worked by firefighters and police officers. For example, they said, firefighters would get overtime wages if they worked more than 53 hours a week, or 212 hours a month.

State and local officials have complained that the most immediate result will be an outlay of many millions of dollars in overtime pay for those who work split or unusual shifts, and that the paperwork will be burdensome.

All but the smallest jurisdictions already pay wages that equal or exceed the U.S. minimum wage, which is \$3.35 an hour, these officials say.

Bourguiba Starts U.S. Visit

The Associated Press

PARIS — President Habib Bourguiba of Tunisia left here Friday for Washington, where he is to consult with President Ronald Reagan on Tuesday. His 10-day U.S. visit was preceded by a four-day stay in France.

Carter Aide Says Argentine Leaders Admitted Torture

United Press International

BUENOS AIRES — Patricia Derian, a human rights official in the Carter administration, has testified in court here that senior Argentine military officials acknowledged to her that they knew about torture and secret executions of political prisoners.

When Ms. Derian entered the courtroom Thursday, lawyers for eight of the nine former military junta members on trial walked out. The former leaders are charged in the murder and torture of thousands of people who disappeared from 1976 to 1984.

The lawyer who remained was Carlos Tavares, the court-appointed defender of General Jorge Videla, a former president. General Videla had refused to hire his own attorney, saying, "History will judge me."

Ms. Derian testified that there was a "kind of a pattern" in her interviews with the military rulers. She visited Argentina three times in 1977 in her capacity as assistant secretary of state for human rights under President Jimmy Carter to

investigate allegations of abuses of political prisoners.

She was the highest-ranking former U.S. official to testify to date at the trial, which began April 21. "After the first denial," Ms. Derian said, "there was an attempt to defend the practice, and then we reached a point in our discussions of great candor where these practices were acknowledged."

She said that General Videla had blamed the excesses on subordinates who could not be controlled.

Ms. Derian added that the former navy commander, Emilio Massera, denied at first that navy personnel were involved in torture.

"We were talking about torture," she testified, "and he said that the navy doesn't torture, that it was the army and the air force."

The interview took place in the Navy Mechanics School, a known torture site during the years of military rule.

She said that she told the commander, "I have seen a rough diagram of the floor right below where we are now, and it is possible that while we are speaking some people

are being tortured right below."

"Then a frightening thing happened," Ms. Derian said. "Massera smiled with an enormous smile and made a gesture of washing his

hands and said, 'Remember the story of Pontius Pilate?'

Pilate was the Roman governor of Judea who turned Jesus Christ over for crucifixion."

Rev. Nikolai Eshliman, 57, Rebel Russian Priest, Dies

New York Times Service

MOSCOW — The Reverend Nikolai Eshliman, 57, a Russian orthodox priest who co-authored a powerful critique of his church in 1965, died last Saturday after a serious illness.

Father Eshliman, who distanced himself from the church and from dissent activities after the controversy over his open letter, was barred with the title of a layman. He had been suspended from priestly duties as a result of the letter.

In 1965, Father Eshliman and another parish priest from the Moscow area, Reverend Gleb Yakunin, wrote a long and detailed open letter to the head of the Russian Orthodox Church at the time, the late Patriarch Alexei. Copies of the letter were sent to all bishops and quickly became widely known.

The two priests wrote of the mass closing of churches and monasteries under Khrushchev and charged that the government's Council for Religious Affairs had become an organ of illegal control over the church.

They wrote of the illegal registration of baptisms, the ban on services in homes and cemeteries, the estrangement of children from the church and the intervention of state authorities in the affairs of the churches.

The patriarch demanded that they retract their letter. When the priests refused, he suspended them from serving as priests.

In recent years, Father Eshliman was said to have suffered from ill health and depression. He reportedly made a living at his original profession, as an artist. Father Yakunin continued as an activist for religious freedoms, and in August 1980 was sentenced to five years in labor camps and five years in internal exile.

■ Other deaths:

Countess Katalin Karolyi, 98, widow of the president of Hungary's first short-lived republic in 1918-19, Count Mihaly Karolyi, Thursday in Antibes, France, the Hungarian Embassy in Paris said Friday.

George Chandler, 87, who played Uncle Petrie in the "Lassie" television series, and succeeded Ronald Reagan as president of the Screen Actors Guild, Monday after a brief illness in Los Angeles.

Hsu Liangang, 74, a Chinese mathematician and chairman of the China Association for Science and Technology, Wednesday of a heart attack in Tokyo.

Fred Crane, 57, a jazz pianist who was a regular with such musicians as Al Hirt, Doc Severinsen and Johnnie Mercer, Monday of a heart attack in Dallas.

Colonel Jack Armstrong, 74, a retired air force officer whose name was made a legend of heroism as the "All-American Boy" on radio during the 1930s, Monday in Laguna Niguel, California, after a long illness.

U.S. Said to Deploy 14,599 Nuclear Arms in 28 States

Los Angeles Times Service

WASHINGTON — Two military researchers in a new book have asserted that 14,599 nuclear warheads are deployed in 28 states in the United States and that thousands of other U.S. warheads are stored in eight other nations.

William M. Arkin and Richard W. Fieldhouse said in the book, "Nuclear Battlefield," that West Germany, Britain, Italy, Turkey, Greece, South Korea, the Netherlands and Belgium have stockpiled 6,100 U.S. nuclear warheads.

According to the authors, California has more military installations, assigned nuclear-warfare responsibilities, 79, than any other state.

A Pentagon spokesman, Michael I. Burch, said that he had not seen the book. However, he said: "From my limited knowledge of deployment, I don't think [their] figures are accurate. Yet I'm in the difficult position of not being able to straighten them out... since we never confirm or deny the presence of nuclear weapons."

A statement issued by the Institute for Policy Studies, a research organization, said the researchers received their material from government documents obtained through requests under the Freedom of Information Act, congressional hearings and reports, military reports and manuals, and data given them by government sources.

Senate Passes Pollution Bill

Los Angeles Times Service

WASHINGTON — The Senate, shaking off pressure from the Reagan administration, has overwhelmingly passed legislation that would toughen federal water pollution control standards for the first time since they were written 13 years ago.

It was the second major environmental proposal to pass through the Republican-controlled chamber in a month. On May 16, the Senate unanimously sent to the House a bill requiring the Environmental Protection Agency to set standards limiting toxic chemicals found in drinking water.

On Thursday, in voting 94 to 0 to renew and strengthen the 1972 Clean Water Act, the primary law governing pollution of streams and rivers, senators ignored administration complaints that the measure was too costly and strict.

Similar legislation is expected to reach the floor of the House of Representatives soon.

Detailing the administration's position in a letter to the Senate majority leader, Robert J. Dole of Kansas, the environmental agency administrator, Lee M. Thomas, said the measure gave his agency responsibility to oversee pollution sources that would be better regulated at the state level.

In addition, he said, the measure authorized \$18 billion in federal sewer construction money for state projects through 1994, and thus ig-

nored administration plans to phase out the program by 1990.

The measure directed the agency to administer the disposition of \$300 million in grants to the states to check the flow of pollutants that run off parking lots, car washes, farm lands and a variety of other locations that had not been subject to federal controls.

It also kept a clause in the 1972 law that gave private citizens the right to sue to force compliance with water pollution rules.

Great for Tennis
Starting June 23 4 Tennis weeks with ROY EMERSON
SFr. 1950. — week 1 + 2
SFr. 2100. — week 3 + 4

PALACE HOTEL GSTAAD SWITZERLAND
Please call:
Phone: 030/83 31 31 Telex 922 222
or
The Leading Hotels of the World

Table clock "Colonna Bulgari", solid silver.

BVLGARI

10 VIA DEI CONDOTTI - ROMA
HOTEL PIERRE - NEW YORK
30, RUE DU RHONE - 1204 GENEVE
AVENUE DES BEAUX-ARTS - MONTE CARLO
HOTEL PLAZA-ATHENE - PARIS

ARTS / LEISURE

Khmer Sculpture: Bargains for the Careful, Traps for Unwary

LONDON — Khmer sculpture is one of the great arts of the Southeast Asian past, which appears to have inspired would-be artists with an irresistible urge to copy it. Even the most careful auc-

SOURIN MELIKIAN

tion houses have yet to find a way of avoiding the thousand-and-one traps they lay in the collector's path.

Walking through Sotheby's preview of Khmer, Thai, Indian and Himalayan Works of Art sold on Monday and Tuesday, one felt better by doubts when confronted with some pieces. Large groups of Khmer sculpture simply do not turn up in the trade. To come across 46 statues or heads knocked off statues, two sitting lions and a number of architectural reliefs in a single auction has a touch of Alice in Wonderland.

Although the catalog title page described the sale as "including the Property of the Metropolitan Museum of Art, New York, The Late Mrs. V. S. Turner, a Deceased English Collector, a German Collector and Other Owners," it had little to say about the man who had

consigned most of the Khmer sculpture, the Bangkok-based Frederick Knight, whose Thai wife sat in the second row, watching the proceedings.

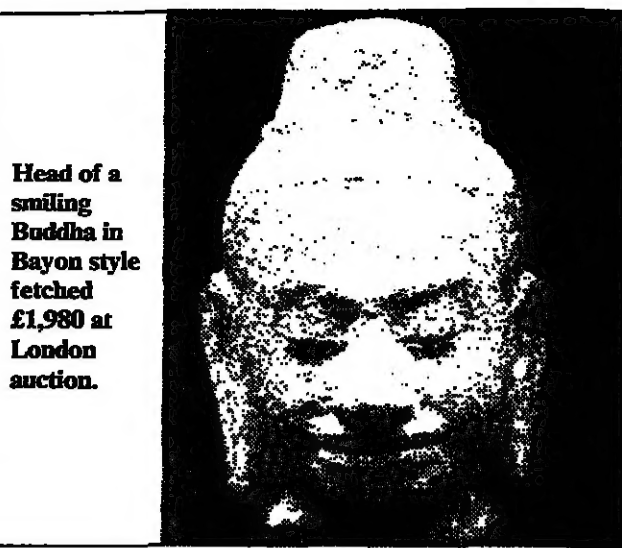
Bangkok is an obvious place to buy Southeast Asian sculpture. Debris from jungle temples and occasional uncontrolled digs in Cambodia filter through the border. Parts of the northwest of Thailand have historically belonged to the Khmer world, and there, too, particularly in the Lopburi area, countless sites have been visited by agents catering to dealers. The result is the continuing supply of headless torsos and heads without bodies.

But the Thais are skilled sculptors, which has led some to produce increasingly sophisticated reproductions of ancient sculpture. Could some have slipped into the sale?

Looking at "A Khmer Gray Stone Female Figure, Baphuon style, 11th century," one could not help wondering at the awkwardness of the skirt, with its hesitant curves, and the almost realistic handling of the face that seemed unlike the idealized art of Buddhist Cambodia. Two of the most respected international dealers in the field, both insisting on anonymity, said that the piece could not be right. It sold for £15,950 with commission (about \$20,000).

The following lot, "A Khmer Gray Sandstone Head of Avelokitesvara, Baphuon 11th century," was equally disturbing. The clumsy pyramidal headpiece and the sketchy appearance of a row of seated Buddhas perched on the head above the forehead make it an unlikely candidate to that glorious style and period of Khmer art. This went for £3,850.

Then there was "A Khmer Gray Sandstone Hariharas Head, Angkor Wat style, circa 12th century," which looked like a caricature. The tall, exaggerated headpiece hesitates between a truncated cone and



Head of a smiling Buddha in Bayon style fetched £1,980 at London auction.

a sinuous cap form. The face is too broad, the small eyes, closely set, are topped by rigid, clumsily carved eyebrows. The head sold for £2,640.

Four lots later, "A Khmer Gray Sandstone Standing Figure of Uma, Angkor Wat style, 12th century," fell in the same league. The statue suffers from an obvious lack of proportion. The head, stuck on

rigid horizontal shoulders, is huge and the bust too short. The knotting of the belts around the waist has been misunderstood. A bit of fabric supposed to be the loose end of a fold has too much relief to it and is in the wrong position. That remained unsold as the hammer went down at £4,000.

The irony, as in all sales where good and bad are mixed, is that the

best pieces were not more expensive than those that so desperately strove to copy them. A headless standing figure from Banteai Srei datable to the 10th century was a very fine object. It made £6,600, exactly the middle of Sotheby's estimates.

One of the masterpieces in the auction was an other buff sandstone head of the Buddha with closed eyes and the ecstatic smile on its lips that is the hallmark of the greatest style at Bayon in the late 12th and early 13th centuries. It shows some wear but no restoration, and the nose, that strategic part of the face in any sculpture, which nearly always gets damaged, was intact. The masterpiece went down for a laughable £1,980, at half the low estimate of £4,000.

The greatest piece in the sale, by far, was a sandstone torso of a four-armed male deity in the Kulen style. It belongs to the 9th century, of which specimens seldom turn up on the market. One dealer who probably sees more Southeast Asian sculpture than any of his colleagues said that he had not seen a comparable carving in the last five years. It was knocked down at only £20,900, Sotheby's estimate of £6,000 to £8,000 simply betraying the cataloger's lack of familiarity with Khmer art. The price is not exaggerated on that level of quality.

It is typical of this difficult field that an undesirable female figure dated by Sotheby's to the 12th century should have been bought a few minutes earlier by a Paris gallery for £19,800 — only £1,100 less than the 9th-century masterpiece.

Some of the finest acquisitions were even within the reach of buyers with limited resources. The earliest, and rarest, carving of all was a splendid gray stone Buddha head of the 6th or 7th century. It belongs to a phase of Khmer art that precedes the earliest period at Angkor. Stylization conventions of Indian art in the late Gupta period are still to be detected, such as the spiraling curls of the hair. The carving has lost much of its sharpness with the passage of time, but the head retains much of its former grandeur. It was knocked down at £1,210, and would be a fine acquisition for any university museum wishing to illustrate a style of the utmost rarity.

Another low price in the sale was the £1,500 paid for a pair of iron stirrups covered with gold foil, if

one could be sure that the entry describing them as 13th-century Khmer is correct. The trouble is that no one knows anything about early stirrups in Cambodia. The Khmers were not a horse-riding race. The stirrups are clearly early but how early is difficult to tell. The ornament is inconclusive, the rusty condition is no indication of age. They are splendid pieces for someone who likes art or is interested in the history of military equipment, but not a good investment. Uncertainty about the nature of an object inevitably brings down the number of potential buyers to a handful.

That is actually the plight of Khmer art as a whole. Its market is narrow, despite its splendor. At the top end, there are less than five "serious buyers," to use a favorite expression of the trade. After John D. Rockefeller 3d died a few years ago, leaving his admirable collection to the Asia House in New York, there was a perceptible lull in the market.

Stricter laws concerning the protection of national monuments has induced a praiseworthy reluctance among top U.S. collectors to get involved. The trend is unlikely to change.



"Les diables froids" (Cold Devils), c.1860.

Félicien Rops: A Prurient Moralizer

By Michael Gibson

PARIS — Periods of social collapse and upheaval breed disquieting fantasies about women: they suddenly appear perverse, threatening an instrument of death and the devil. In such times both puritanism and sexual license are exacerbated and the confrontation can become violent.

Puritanism during the decline of Rome and the Industrial Revolution, for example, is usually ascribed erroneously — to the baneful influence of Christian doctrine upon an otherwise healthy and "natural" pagan culture. Yet as the classicist E. R. Dodds writes of declining Rome, "Pagans and Christians vied with each other in heaping abuse on the body." And revolutions in general also have their prophets of sexual austerity, which Orwell grimly derided in his imaginary "Anti-sex League."

The Belgian artist Félicien Rops (1833-1898) was much admired by Charles Baudelaire, and his work appears today as a perfect expression of this sort of mentality in the late 19th century. Rops was first of all a talented illustrator intelligently aware of the mood of the age as it was expressed, for instance, in the writings of such French novelists and pamphleteers as Joris Karl Huysmans, Barbey d'Aurevilly and the preposterous Josephin Péladan.

Rops's subject matter oscillates between the poles of puritanism and license, and he often succeeds in blending them into a single image of moralizing prurience. Woman, death and the devil are the puppets of an endless *orgue de barbarie*, and they recur as the protagonists of many of his works, as they do in much of the Symbolist production of the day.

Rops had too much irony and humor to identify fully with the views his works expressed. His own relationship to women was unusual only to the extent that he lived under the same roof with two sisters to whom he gave an equal measure of affection and gratification. But he did seem to share the distressing puritanical belief of the day that sexual pleasure wears out and ages the body.

It is no coincidence that the second half of the 19th century saw the efflorescence both of that spectacular form of hysteria that Jean Martin Charcot studied at the hospital of La Salpêtrière and of the fashionable cult of Satan, which, in Huysmans's novel, "La-bas" appears in its literary variant.

To Baudelaire, Satan was a rebel hero on the Miltonian model, and this, among other things, was the affinity he saw between his views and Rops's. But Satan was also identified with sexuality in general: "Satanism," wrote Huysmans, "is the spiritualism of lechery." And Péladan declared: "Man is possessed of woman, and woman is possessed of the devil."

All this, and Rops's illustration of this theme appear almost comically remote from our own notions of art and life. Yet Rops's brilliantly executed work provides sharp delineation of a puritanical vision that is still active in the world today.

Why should such puritanism flare up in periods of social upheaval? One factor is that collapse and revolution (and even swift cultural change) destroy old rules of behavior and representations of values and with them the notions, symbolically expressed in myth and the language of everyday manners, of what makes a man a man and a woman a woman.

As the old order collapses, license becomes one way of asserting one's identity. But puritanism may also appear as a powerful defense against the threat that the opposite sex can suddenly represent to a person whose sexual identity is no longer attested and upheld by recognized cultural patterns. Woman, in this view, is an instrument of the devil because she attracts in an irresistible way, but she is also death in disguise, an abyss into which the newly vulnerable man, deprived of his culturally determined sexual identity, can lose himself.

Rops was by no means restricted to this theme, though it is no doubt the most interesting part of his production. He was also a highly gifted political cartoonist, as shown by his drawings attacking the death penalty or on the repression of the Polish insurrection of 1863 ("L'ordre règne à Varsovie"). He also had an inclination for naughty or saucy drawings not far from what one sees in the milder erotic magazines today.

His talent, in short, was multifaceted, and not least among those talents was his ability to publicize himself. In France, he not only achieved notoriety, but became the best paid illustrator of his day. "Félicien Rops," *Musee des Arts Décoratifs*, 107 Rue de Rivoli, Paris 1, to July 21; *Musee des Beaux-Arts Jules Chéret*, Nice, July 31-Oct. 15.

Prague Funicular Reopens

The Associated Press
PRAGUE — The Petrin funicular, a cable railway built in 1891 that originally was water-driven and is now converted to electricity, reopens Saturday after being idled for 20 years because of a landslide in 1965.

Old and New Music in Venice Festival

The Associated Press

VENICE — A re-enactment of the 16th-century ceremony honoring the visit of Japanese princes, as well as 39 world premieres, will highlight Venice's International Festival of Contemporary Music in September.

The 28-day music festival, starting Sept. 12, is part of the Venice Biennale. It will be divided into two sections, "Andrea Gabrieli, 1585-1985" and "Europe '50-'80."

Works by the Venetian composer, who died 400 hundred years ago, will be the centerpiece of the first part.

On Sept. 14, a ceremony in St. Mark's Basilica to honor Japanese princes in 1585 will be re-enacted, the organizers said Thursday. The second part of the festival will pay homage to the avant-garde composers of the 1950s and present new works — 39 of them world premieres — by today's composers.

INTERNATIONAL EDUCATION DIRECTORY

U.S.A.

PACIFIC SOUTHERN UNIVERSITY
9301 WILSHIRE BOULEVARD
LOS ANGELES, CA 90010 U.S.A.

EARN YOUR DEGREE THRU OUR OVERSEAS DIRECTED STUDY PROGRAM

INDEPENDENT DIRECTED STUDY. NO CLASS ATTENDANCE REQUIRED. ONE-ON-ONE STUDENT/FACULTY. ENROLL NOW FOR NEXT SEMESTER. COMPLETION IN ONE ACADEMIC YEAR PERMITTED.

- Business Administration
- Economics
- Engineering
- Education
- Bachelors
- Masters
- Doctoral Programs
- Many other fields

SCHOLARSHIPS AND TUITION GRANTS—FINANCIAL AID
Send a brief resume detailing your background and your goals. IMPROVE YOUR PROFESSIONAL OPPORTUNITIES.

*P.S.U. is Authorized by The California Department of Education
*P.S.U. is a Member of N.A.S.A.C.U., Washington, D.C.

UNIVERSITY DEGREE

BACHELOR'S • MASTER'S • DOCTORATE
For Work, Academic, Life Experience.
Send detailed resume for free evaluation.

PACIFIC WESTERN UNIVERSITY
400 N. Sepulveda Blvd.,
Los Angeles, California
90049, Dept. 23, U.S.A.

PREPARE FOR:

ESL REVIEW-TOEFL
FMGEMS-CGFS
FLEX 1,2,3-MSKP
NMB 1,2,3-NDB
NPB-NCBI
GMAT-LSAT-GPA
MCAT-DAT-VAT
OGAT-SAT-ACT
EXEC. SPEEDREADING

Stanley H. Kaplan
EDUCATIONAL CENTER
1001 Wisconsin Avenue, N.W., Suite 500
Washington, D.C. 20007

For information regarding programs authorized under Federal law to enroll non-immigrant alien students in the U.S.A. please call
212-977-8200
Or Write: Stanley H. Kaplan Educational Center Ltd.,
131 West 56 Street
New York, N.Y. 10019
Permanent Centers in More Than 120 Major U.S. Cities
Puerto Rico & Toronto Canada

Where Success is Contagious
For the Learning Disabled.
With the warmth, support and informal but structured learning environment needed, in Vermont's Green Mountains.

Pine Ridge School
1075 Williston Road
Williston, VT 05495
(802) 434-2161

EUROPE

SCHILLER INTERNATIONAL UNIVERSITY
The American University in Europe
Accredited Member, AACS, Washington, D.C. USA.

Associate, Bachelor and Master degree courses: Business Administration, Hotel Management, Law & Public Administration, Computer Studies, Pre-Engineering and Pre-Medicine, French, Spanish or German in the U.S.A. to country, intensive English, College Preparatory Courses (grades 10-12) and Schiller Academy. BBA and MBA programs also available as evening classes in London, Paris.

SCHILLER INTERNATIONAL UNIVERSITY
Dept. 04, 51 Waterloo Road,
London SE1 8UX, Tel: (01) 311 928 9484.

GERMANY

LEARN GERMAN IN HEIDELBERG
Alba Certificate Program in Language and Hotel Reception

Collegium Palatinum
Heidelberg, 6900 W. Germany,
Hölderlinweg 8, Tel: (0) 6221-46289

Management • Economics
• Marketing
Conveys Courses with Diploma
Free Brochure ESJ via air mail from
NOBELIN ACADEMY
D-7153 Metzingen,
West Germany

BELGIUM

THE E.E.C. SCHOOL ANTWERP AND BRUSSELS

The independent international school that responds to the community's needs, and cares about each child's needs. Our British and American staff has impressed parents and educators with our children's work in the: □ Kindergarten (from age 2 1/2) □ Primary School □ American Secondary School □ British G.C.E. curriculum through A-level

Our highly efficient use of funds keeps your tuition fees at a reasonable level: from BF 65 000 to BF 140 000 per annum.
THE E.E.C. SCHOOL
Avenue 53 • 2000 Antwerp/Belgium
Jacob Janssensstraat 75-79 • 1018 Brussels/Belgium
Rue Royale 302 • 1030 Brussels/Belgium
For information and registration call
Mr. J. Wille, Headmaster at 03/237 21 18
03/218 81 82 • 03/238 10 82
Registration daily all summer.

SWITZERLAND

HOTEL & TRAVEL AGENCY CAREERS
HOSTA Hotel & Tourism School, Leysin, French-Swiss Land
Founded 1959

Courses: Instruction in English:
— 2 1/2-year complete diploma program
— 9-month Hotel Diploma Course in:
— Hotel Administration (Reception and F & B) (also in German)
— Advanced Hotel Management
— 9-month Tourism Diploma Course:
— Official IATA/UITAA Travel Agent's Program.
Full sports facilities, especially ski and tennis.
Next courses start: August 25, 1985. Write for full information to:
HOSTA, CH 1854 H LEYSIN, Tel: 025/34.18.14. Telex: 456.157 COTO CH

PRIVATE SCHOOLS IN SWITZERLAND

For all information please apply to our Educational Adviser: Mr. Paul A. Mayor
SCHOLASTIC SERVICE "TRANSWORLDIA" - GENEVA
2 Rue du Vieux-Savoyard, Phone 44 15 65.

UNITED KINGDOM

Hello mother, hello father...

Camp Beaumont, every child's idea of a dream holiday away from the family. Over 100 activities to choose from... computer programming, judo, rockery, tennis, sailing, mini motorbikes, robotics. Fun drama workshops, etc. etc. Our campers are loved throughout the UK using all the facilities of our independent schools, a choice of ten residential camps with excellent travel. (Headrow), Write or phone for brochure/Parent Guide.

CAMP BEAUMONT
9 West St., Godmanchester Cambridgeshire,
Tel: (0480) 54223 (24 hrs)

BUCKWOOD GRANGE SUMMER SCHOOL '85

• English Language Classes
• Sports and Activities
For boys and girls, 7-16

Uckfield, East Sussex
Tel: (0825) 61666. Tel: 94373 G

Leysin American School
since 1961

School year starts
August 26, 1985

In the Mountains
Above Lake Geneva

University preparatory, grades 8-13,
co-ed, boarding, small classes.
Excellent university acceptance.
Individualized teaching
in caring, family atmosphere.
All sports and
curriculum-related tours.

Write: 1854 (W) Leysin,
Switzerland,
Tel: 025/34 13 61
Telex: 456 166 TOL CH

LAS

To become
A DENTAL TECHNICIAN

• Top level training
• State-of-the-art Technology
• Three year course, English-French
Académie d'Art Dentaire
197 route du Mandement
1242 Saffigny-Switzerland
Tel: 022/53 19 53

GERMANY

YOU WANT TO SPEAK GERMAN? ...SPEAK TO US FIRST

More than 3 million students in 33 years
146 institutes in 66 countries

• S. ALGERS, Tel. 634483
BRUSSELS, Tel. 2303970
OSAKA, Tel. 3413051

15 institutes in the Federal Republic of Germany

For detailed information:
GOETHE-INSTITUT
Zentralverwaltung
Lenbachplatz 3
D-8000 München 2
Tel: (0) 89-5999-200
Telex: 522940

AUCTION SALES

CHRISTIE'S MONACO

Announcing their Inaugural Sales

of Old Master Paintings,
European Furniture
and Decorative Arts
To be held 7 and 8 December 1985
at the Hotel Loews, Monte-Carlo

Clients wishing to include their property, please contact your nearest Christie's representative before 15 September

Larent Prevost-Marcilhac
Christie's France SARL
17, rue de Lille, 75007 Paris
Tel: (01) 261 12 47 Telex: 213468

Christine de Massy
Christie's Monaco S.A.M.
Park Palace, 98000 Monaco
Tel: (93) 25 19 33 Telex: 469870

Charles Allsopp
Christie's, 8 King Street, St. James's
London SW1Y 6QT
Tel: (01) 839 9060 Telex: 916429

ANTIQUES

THE GROSVENOR HOUSE ANTIQUES FAIR

12-22 JUNE 1985

GROSVENOR HOUSE, PARK LANE, LONDON W1

The fair will be open as follows:
12 June 9.00 p.m. - 7.15 p.m.
Subsequent days 11.00 a.m. - 7.30 p.m.
except 15, 19 and 22 June 11.00 a.m. - 5.00 p.m.
Admission inclusive of Handbook £6.00

Organised by: Ewan Stoddart and Partners
Limited, The Hub, Lonsdale Close, Sutton Watton,
Essex CB10 1PB, Telephone: (0708) 262600.
Telex: 81653.

SKY CHANNEL

BROADCASTING TO CABLE COMPANIES
IN EUROPE & THE UK VIA SATELLITE

"Europe's Best View"

UK TIMES

PROGRAM, SATURDAY 15th JUNE
12.00 STANLEY CUP ICE HOCKEY
13.00 ALL STAR WRESTLING
14.00 INT. MOTOR SPORTS
15.00 SKY TRAX 1
15.45 SKY TRAX 2
16.30 SKY TRAX 3

17.00 THRILLSEEKERS
18.00 CHOPPER SQUAD
18.30 STANLEY & HUTCH
19.40 ALL STAR WRESTLING
20.35 US OPEN GOLF - LIVE -

SKY CHANNEL TV ADVERTISING SELLS PRODUCTS FAST -
FOR MORE INFORMATION, RATES, MARKETING &
AUDIENCE DATA CONTACT SKY CHANNEL SALES,
SWAN HOUSE, 17-19 STRATFORD PLACE, LONDON W1N 8AF
TEL: LONDON (01) 483 1166 TELEX: 286395.

ARTS / LEISURE

London Pays Homage to the Huguenots

By Max Wykes-Joyce

LONDON—The epitome of Huguenot success, and acceptance in England, where these French Calvinists had taken refuge from religious persecution, is to be seen in a painting made in 1762 by Johann Zoffany. "Mr. and Mrs. Garrick in front of the Temple of Shakespeare."

David Garrick (1717-1779), the most famous of Shakespearean actors and the grandson of a Huguenot refugee named Garrigue from Bordeaux, was by then actor-manager of the Theatre Royal in Drury Lane.

The painting, shown at "The Quiet Conquest" at the Museum of London, is part of a celebration of 300 years of Huguenot activity in Britain, organized with the assistance of the Huguenot Society of London.

The show is divided into three sections, the first illustrative of the historical background, the second featuring the early Huguenot institutions in England, churches, charities, hospitals and schools; the third, and largest section, an analysis of the Huguenot contribution to English culture and life.

One of the most touching images in the historical section is an engraving by L. L. Bellotti, "The Church of the Desert," showing a gathering of persecuted French Protestants meeting in the countryside of the Cévennes, perhaps being addressed by Claude Brissot (1647-1698), a Huguenot minister who was arrested while preaching in Beam and broken on the wheel at Montpellier in 1698.

It was such vicious treatment that caused 40,000 Huguenots to come here, where they were welcomed and protected by the English king and queen, William III and Mary II. They left France under peril of their lives, the men caught being either executed or sent to the galleys; the women incarcerated in nunneries; the children sent to strict Papist families where they were brought up in what Louis XIV had been led to believe was the only true and possible faith.

The Huguenots quickly acquired a reputation for industry and honesty, neatly illustrated in 1738 by William Hogarth in "Noon," one of a quartet of paintings, "The Four Times of Day." On the left of the print is a stockhouse and an ale house on Hog Lane, Soho, with ragged children picking scraps from the mire, a footman fondling a serving wench, and an altercation at the upstairs window between the



Johann Zoffany's tribute to Garrick and Shakespeare.

cook and a patron. In the right are a foppish man, woman and child, presumably English, but dressed in fashionable French clothes; behind them are many neatly and soberly attired Huguenots, emerging from L'Eglise des Grecs, a church originally built for Greek Orthodox worshippers, that by the 1680s had been made over to the first Huguenot congregation in London.

The activities of these first comers and their descendants are superbly displayed. The section devoted to "Medicine" shows a portrait by Rubens of Sir Theodore Mayerne (1573-1655) (chief physician to James I), whose family had been earlier refugees after the 1572 Massacre of St. Bartholomew; and the trade card of Paul Savigny, surgical instrument maker, and some of the instruments.

Another trade card, in the "Engraving and Printmaking" section, is of Dorothy Mercer, widow of the painter Philip Mercier (1688-1760), a Huguenot born in Berlin, who had a printshop where she sold "Flower Pieces in Water Colors, Painted by herself, from the Life" to keep herself in her widowhood. Her cheerful shop, full of custom-

ers, is illustrated in an engraved cartouche at the top of the card.

The English welcomed the French Huguenot landscapers, passionate gardeners, among them Daniel Marot (1683-1732), a designer and architect who fled Paris in 1685 and entered the service of William III before the Dutch prince had left Holland to ascend the English throne. Marot redesigned the parterre for the formal garden at Hampton Court Palace in a style which, since he was a pupil of André Le Nôtre, was bound to show French influence; purist English gardeners condemned it as "a Dutch version of the French."

Another design of Marot's, in the show in its finished form, is the State Coach, designed for the king in 1698, and still in use on state occasions as coach for the Speaker of the House of Commons. This has been restored to its original colors, which are astonishingly modern, the great wheels with roundels of black and spokes of russet-orange contrasting with the gilded woodwork and silver handles.

Other sections are devoted to painting and sculpture, gunmak-

ing, gold working, watchmaking, jewelry, glass, ceramics and furniture. One other remains especially to be noticed — the silk industry. The Huguenots virtually took over the industry in England, and by 1740 almost all the French master weavers had been elected to and accepted by the Weavers' Company in the City. Many had settled in elegant houses in Spitalfields, which still provide homes for writers and artists.

The silk section includes designs by such as James Leman, Assistant of the Weavers' Company; a fire-screen of brocaded silk by John Vansommer (1706-1774); and clothes of the period.

Moving to modern times there is a bronze bust of Samuel Courtauld (1876-1947), an Englishman of Huguenot descent, who formed the Courtauld art collection and founded the Courtauld Institute of Art.

"The Quiet Conquest: The Huguenots, 1685-1985," Museum of London, London Wall, EC2 to Oct. 31.

Max Wykes-Joyce writes regularly in the IHT about art in London.

Russia Loans Modern Western Paintings to Rome

By Edith Schloss

ROME—Some of the canvases in "Cézanne to Picasso," an exhibition in the Capitoline Museums, have been on view in Paris and Lugano, and last month in Venice, but quite a few have never left the Soviet Union before. The paintings come from the Hermitage in Leningrad and the Pushkin Museum in Moscow, and were originally acquired in Paris before the Russian Revolution by L. A. Morozov and S. I. Shukin, two far-sighted merchants who believed that the new liberty illustrated in these works would further progress and break the stranglehold of Czarist conservatism.

The first impression of the installation, not well lighted, is somewhat jarring, because the panels on which the modern masters are hung are in confusing proximity to the old masters hung permanently behind them. A busy actress by Renoir, for instance, happens to be decimating next to the dying St. Petronilla by Guercino. A Picasso is close to a Domenichino, and a Manet nude hangs opposite a Saint Sebastian by Guido Reni. Maybe these odd juxtapositions may lead to fruitful comparisons.

Be that as it may, the most interesting thing about the exhibition is that it represents different stages of each artist's development. It begins with an early Cézanne of crimsoned ladies done in a thick pattern of strokes, follows him through densely brushed, almost claustrophobic landscapes and still lifes, to portraits, bathers, and the open and breathing late Mont-Saint-Victoire.

The Renoirs are in pleasant progression, but there is hardly a Renoir at his most glowing height. Gauguin is seen in all his past contrasts of color and appreciation of the life of blithe, bovine Oceania, mysteriously happy with their lot. There are two pungent Van Goghs. None of the diverse Monets show him at his most atmospheric and iridescent splendor, but "Woman in the Garden" and "Field of Poppies," both rather tightly brushed, make the experience of a sultry summer afternoon in the south of France marvelously tangible.

The Picassos are all Cubist, good examples of his brainy playing around with form and space, but an early 1900 scene of poor lovers, plain and unintellectual, is touching.

But it is obvious which painter Shukin, the

spice merchant, was really in love with — the master of our century long before he was recognized as such — with Matisse, of course!

From the "Red Room" of 1908, with its tablecloth ornament spreading into the wallpaper and taking up all the space except the spring view out of the window; to a Seville still life even richer in ornament, which is turned into pictorial invention; to the Spanish dancer; the "Goldfish Bowl"; the blunt lust of the sexy nymph chased by a faun over a sand-green meadow; we come to a painting which is still new not only in looks but in content.

"Nasturtiums" was painted in 1912. It shows how Matisse chose the human figure as supreme ornament, it reflects to the fullest his felicity of color.

Everything in this painting, though born of long thought and struggle, flows freshly and with elegant immediacy. It is one of the profoundest icons of our time.

"From Cézanne to Picasso," Palazzo dei Conservatori, Capitoline Museums, until June 30.

Edith Schloss, a painter, writes regularly for the IHT on art showings in Rome.

INTERNATIONAL ART EXHIBITIONS

PARIS
WALLY FINDLAY GALLERIES
2, Avenue Matignon, Paris 8th - 255.70.74
Hôtel George-V, 31, Avenue George-V, Paris 8th - 723.54.00

EXHIBITION
ANDRE VIGNOLES
From Florence to Lake Trasimeno

The Moderns
Nicola SIMBARI
Zvonimir MIHANOVIC
Bernard GANTNER

The Europeans
Yolande ARDISSONE
Philippe AUGÉ
André BOURRIE
Jean-Pierre CASSIGNOUL
J.-C. CRAUVEY
Louis FARTEN
Claude GAVEAU
Fred JESSUP
Jean KÉLME
Constantin KLUGE
LE PHO

The Post-Modernists
Suzanne EISENDECK
François GALL
André HANBOURG
Fernand HERBO
Marie NÉSSI VALTAT

Portraits by Alejo VIDAL-QUADRAS
FRENCH IMPRESSIONISTS
POST-IMPRESSIONISTS AND MODERN MASTERS
Mon.-Fri. 10 a.m.-1 p.m. - 2:30 p.m.-7 p.m.
New York Paris Chicago Palm Beach Beverly Hill

GALERIE FELIX VERCEL
9, avenue Matignon - Paris 8^e
tél. : 256.25.19

VENARD
June 12 - July 12

GALERIE DINA VIERNY
36, rue Jacob 75006 PARIS - 260.23.18

KABAKOV
Until July 13, 1985

GALERIE SCHMIT
396, rue Saint-Honoré, 75001 PARIS 260.36.36

DE COROT A PICASSO
exposition : jusqu'au 20 juillet

à la reine margot
7 Quai de Conti, 75006 Paris Tél. : (1) 326 62 50

THE MAGIC OF ANCIENT GLASS
June - July 1985

GALERIE CAILLEUX
136 Faubourg Saint-Honoré - 75008 Paris

ŒUVRES DE JEUNESSE
de WATTEAU à INGRES
from June 3 to July 12

GALERIE MERMOZ
PRE-COLUMBIAN ART
6, Rue Jean-Mermoz, 75008 PARIS. Tél. : 359.82.44

GALERIE TRIFF
OLD KILIMS
6, Rue de l'Université - 75007 PARIS - Tél. 260.22.60

PARIS
GALERIE HOPKINS-THOMAS
4, Rue de Miromesnil, 75008 Paris - Tél. : 265.51.05

RENOIR
Drawings and watercolors
Until June 29, 1985.

250 reasons to visit LE LOUVRE DES ANTIQUAIRES
250 ART DEALERS OPEN FROM TUESDAY THRU SUNDAY 11 a.m. to 7 p.m.
2, PLACE DU PALAIS-ROYAL 75001 PARIS - TEL. (1) 297 27 00
Present Exhibition
AUTOUR DU PARFUM - DU XVI^e AU XIX^e SIÈCLE

GALERIE LOUISE LEIRIS
47, rue de Monceau, 75008. Tél. : 563 28 85/37 14

HENRI LAURENS
60 works - 1915-1954
June 12 - July 20
Daily except Sunday and Monday

ROBERT FOUR TAPESTRIES
MONET, KLEE, PICASSO, FOLON, LEEGER, LURCAT, CARZOU...
AUBUSSON
hand-woven TAPESTRIES
Original prestigious hand-knotted SAVONNERIE CARPETS
28 Rue Bonaparte, Paris 6th
Tél. : 329 30 60

BROR HJORTH
at MUSÉE BOURDELLE
16, rue Antoine Bourdelle
4^e arrondissement
Daily except Monday from 10 a.m. to 5.40 p.m.
FROM JUNE 5 TO SEPTEMBER 15

ESKENAZI
Oriental Art 25th Anniversary Exhibition
12 June - 12 July 1985
Ancient Chinese Bronzes
Inlaid Bronzes
Silver
Jades
Ceramics
Foxyglove House 166 Piccadilly London W1V 9DE
Opposite Old Bond Street Telephone: 01-493 5484

LONDON ORIGINAL PRINT FAIR
ROYAL ACADEMY OF ARTS
FRIDAY 21 - SUNDAY 23 JUNE
10 a.m. to 6 p.m.

PARIS/NEW YORK
ZABRISKIE
BRIGGS, KERN, POIVRET
724 Fifth Ave, New York
WILLIAM KLEIN
37 rue Quincampoix, Paris

AGNEW GALLERY
43 Old Bond St, W1.
01-629 6176

VENETIAN PICTURES OF THE 18th CENTURY
Until 19 July
Mon-Fri 9.30-5.30; Thurs until 6.30

The International Herald Tribune's daily paid circulation continues to break records, up 5% in the past year and 24% in the past four years. More than a third of a million people in 164 countries around the world now see each issue. And latest figures indicate that this rapid growth continues.

1984 160,709

International Herald Tribune circulation figure reported for Q4 audit for period from January 1 to December 31, 1984

1983 152,660

1982 147,660

1981 142,660

1980 137,660

1979 132,660

1978 127,660

1977 122,660

1976 117,660

1975 112,660

1974 107,660

1973 102,660

1972 97,660

1971 92,660

1970 87,660

1969 82,660

1968 77,660

1967 72,660

1966 67,660

1965 62,660

1964 57,660

1963 52,660

1962 47,660

1961 42,660

1960 37,660

1959 32,660

1958 27,660

1957 22,660

1956 17,660

1955 12,660

1954 7,660

1953 2,660

1952 1,660

1951 1,660

1950 1,660

1949 1,660

1948 1,660

1947 1,660

1946 1,660

1945 1,660

1944 1,660

1943 1,660

1942 1,660

1941 1,660

1940 1,660

1939 1,660

1938 1,660

1937 1,660

1936 1,660

1935 1,660

1934 1,660

1933 1,660

1932 1,660

1931 1,660

1930 1,660

1929 1,660

1928 1,660

1927 1,660

1926 1,660

1925 1,660

1924 1,660

1923 1,660

1922 1,660

1921 1,660

1920 1,660

1919 1,660

1918 1,660

1917 1,660

1916 1,660

1915 1,660

1914 1,660

1913 1,660

1912 1,660

1911 1,660

1910 1,660

1909 1,660

1908 1,660

1907 1,660

1906 1,660

1905 1,660

1904 1,660

1903 1,660

1902 1,660

1901 1,660

1900 1,660

1899 1,660

1898 1,660

1897 1,660

1896 1,660

1895 1,660

1894 1,660

1893 1,660

1892 1,660

1891 1,660

1890 1,660

1889 1,660

1888 1,660

1887 1,660

1886 1,660

1885 1,660

1884 1,660

1883 1,660

1882 1,660

1881 1,660

1880 1,660

1879 1,660

1878 1,660

1877 1,660

1876 1,660

1875 1,660

1874 1,660

1873 1,660

1872 1,660

1871 1,660

1870 1,660

1869 1,660

1868 1,660

1867 1,660

1866 1,660

1865 1,660

1864 1,660

1863 1,660

1862 1,660

1861 1,660

1860 1,660

1859 1,660

1858 1,660

1857 1,660

1856 1,660

1855 1,660

1854 1,660

1853 1,660

1852 1,660

1851 1,660

1850 1,660

1849 1,660

1848 1,660

1847 1,660

1846 1,660

1845 1,660

1844 1,660

1843 1,660

1842 1,660

1841 1,660

1840 1,660

1839 1,660

1838 1,660

1837 1,660

1836 1,660

1835 1,660

1834 1,660

1833 1,660

1832 1,660

1831 1,660

1830 1,660

1829 1,660

1828 1,660

1827 1,660

1826 1,660

1825 1,660

1824 1,660

1823 1,660

1822 1,660

1821 1,660

1820 1,660

1819 1,660

1818 1,660

1817 1,660

1816 1,660

1815 1,660

1814 1,660

1813 1,660

1812 1,660

1811 1,660

1810 1,660

1809 1,660

1808 1,660

1807 1,660

1806 1,660

1805 1,660

1804 1,660

1803 1,660

1802 1,660

1801 1,660

1800 1,660

1799 1,660

1798 1,660

1797 1,660

1796 1,660

1795 1,660

1794 1,660

1793 1,660

1792 1,660

1791 1,660

1790 1,660

1789 1,660

1788 1,660

1787 1,660

1786 1,660

1785 1,660

1784 1,660

1783 1,660

1782 1,660

1781 1,660

1780 1,660

1779 1,660

1778 1,660

1777 1,660

1776 1,660

1775 1,660

1774 1,660

1773 1,660

1772 1,660

1771 1,660

1770 1,660

1769 1,660

1768 1,660

1767 1,660

1766 1,660

1765 1,660

1764 1,660

1763 1,660

1762 1,660

1761 1,660

1760 1,660

1759 1,660

1758 1,660

1757 1,660

1756 1,660

1755 1,660

1754 1,660

1753 1,660

1752 1,660

1751 1,660

1750 1,660

1749 1,660

1748 1,660

1747 1,660

1746 1,660

1745 1,660

1744 1,660

1743 1,660

1742 1,660

1741 1,660

1740 1,660

1739 1,660

1738 1,660

1737 1,660

1736 1,660

1735 1,660

1734 1,660

1733 1,660

1732 1,660

1731 1,660

1730 1,660

1729 1,660

1728 1,660

1727 1,660

1726 1,660

1725 1,660

1724 1,660

1723 1,660

1722 1,660

1721 1,660

1720 1,660

1719 1,660

1718 1,660

1717 1,660

1716 1,660

1715 1,660

1714 1,660

1713 1,660

1712 1,660

1711 1,660

1710 1,660

1709 1,660

1708 1,660

1707 1,660

1706 1,660

1705 1,660

1704 1,660

1703 1,660

1702 1,660

1701 1,660

1700 1,660

1699 1,660

1698 1,660

1697 1,660

1696 1,660

1695 1,660

1694 1,660

1693 1,660

1692 1,660

1691 1,660

1690 1,660

1689 1,660

1688 1,660

1687 1,660

1686 1,660

1685 1,660

1684 1,660

1683 1,660

1682 1,660

1681 1,660

1680 1,660

1679 1,660

1678 1,660

1677 1,660

1676 1,660

1675 1,660

1674 1,660

1673 1,660

1672 1,660

1671 1,660

1670 1,660

1669 1,660

1668 1,660

1667 1,660

1666 1,660

1665 1,660

1664 1,660

1663 1,660

INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

Who's Tired of Floating?

For a dozen years the world has been living, not very comfortably, with currency exchange rates that float. It has been a dozen years full of surprises in the currency market, most of them disruptive and some very expensive. The float is the kind of arrangement that persists because nobody can quite think of an alternative that is likely to work. But perhaps that will now change, in a modest but useful way.

Floating means leaving a currency's exchange rate to the daily flow of buying and selling. Sometimes, as happened to the U.S. dollar in 1979-80, a currency's price in other countries' money falls well below its real value in terms of the things that it can actually buy at home. Sometimes, like the dollar today, it rises well above that value. That would never happen if foreign exchange only financed trade. But there are other forces in the currency market, great flows of investment and speculation, that constantly swing the rates, distorting trade and causing unemployment.

Until the early 1970s, governments could usually stabilize exchange rates by buying and selling on their own account. It was the enormous expansion of foreign currency trading that destroyed the fixed-rate system. On a typical business day the buying and selling of U.S. dollars now reaches about \$200 billion.

That is roughly 20 times U.S. GNP per day. But if governments can no longer fix exchange rates, they can still do a lot to damp down the swings and mitigate damage to their domestic economies. They can be very helpful in the short run to break speculative surges.

For the longer run, there is only one thing that works—coordination of economic policy among the trading countries' governments. Most governments don't much care for the idea, because it limits freedom of action. The Reagan administration has until this spring resisted the idea vigorously, because it would mean international pressure on the United States to bring down its budget deficits.

But financial specialists representing most of the rich countries have been working on a set of proposals that constitute a nudge toward economic coordination. The process, working through the International Monetary Fund, is likely to move slowly toward adoption in the months ahead. Supporting it is very much in the interest of America in particular. The super-high dollar is not stable. If and when it begins to fall, America is going to need more help from governments abroad than it can expect under the present rules of the game.

—THE WASHINGTON POST.

A Convenient Civil War

Some face has been saved and backside have been protected, but those are not good enough reasons for the House's change of heart about supporting the undeclared war against Nicaragua. After narrowly opposing all forms of aid to the "contra" rebels in April, the House now favors \$27 million in "nonmilitary" help over the next 12 months. Since the Senate has voted \$38 million for a longer period, President Reagan has won a major political battle. The likely result is that the military battle will drag on, inconclusively.

If they mean what they say, that may be what Mr. Reagan and his newfound Democratic allies really want. Keeping up the "contra" attacks means that the president can damage and contain the Marxist regime without dignifying it in negotiation. And no Democrats get blamed for "losing" Nicaragua, whose leader had the effrontery to celebrate the April vote with a quick trip to Moscow.

Mr. Reagan secured the switch of enough Democratic votes by denying that he seeks the military overthrow of the Sandinistas. In perhaps his clearest statement of the war's objective, he said it would endanger U.S. interests in Central America "if we tolerate the consolidation of a surrogate state . . . responsive to Cuba and the Soviet Union." That points to protracted harassment by the "contras," who obviously lack a knockout punch. Their jabbing is meant to keep the Sandinistas off balance and preoccupied at home with a deteriorating economy and souring morale.

So what's wrong with that? The first objection ought to be human and moral: It is a policy bought with other people's blood. That humanitarian aid feeds a civil war in which the honor of the United States lies in the knapsack of hit-and-run terrorists. As casualties rise, so do the risks that this war may develop its own momentum. The most likely "accident"—perhaps even favored by some of the sponsors of insurgency—would be cross-border raids by Nicaragua against "contra" sanctuaries in Honduras and Costa Rica. The Reagan administration contends that the "contra" war is insurance against direct U.S. intervention, but it could well have the opposite effect, provoking events that eventually impel the use of U.S. forces.

An undeclared, low-level war for nebulous aims may be politically convenient to the president and Congress, but it baffles public opinion and alarms major allies in Latin America, not one of which supports the war. Bleeding Nicaragua is unlikely to produce plausible terms for a political settlement. It promises mainly misery for the combatants, discord at home and anti-Americanism abroad. The House's turnabout leaves the argument over Nicaragua stuck where it was, in a spongy bog.

—THE NEW YORK TIMES.

Some face has been saved and backside have been protected, but those are not good enough reasons for the House's change of heart about supporting the undeclared war against Nicaragua. After narrowly opposing all forms of aid to the "contra" rebels in April, the House now favors \$27 million in "nonmilitary" help over the next 12 months. Since the Senate has voted \$38 million for a longer period, President Reagan has won a major political battle. The likely result is that the military battle will drag on, inconclusively.

If they mean what they say, that may be what Mr. Reagan and his newfound Democratic allies really want. Keeping up the "contra" attacks means that the president can damage and contain the Marxist regime without dignifying it in negotiation. And no Democrats get blamed for "losing" Nicaragua, whose leader had the effrontery to celebrate the April vote with a quick trip to Moscow.

Mr. Reagan secured the switch of enough Democratic votes by denying that he seeks the military overthrow of the Sandinistas. In perhaps his clearest statement of the war's objective, he said it would endanger U.S. interests in Central America "if we tolerate the consolidation of a surrogate state . . . responsive to Cuba and the Soviet Union." That points to protracted harassment by the "contras," who obviously lack a knockout punch. Their jabbing is meant to keep the Sandinistas off balance and preoccupied at home with a deteriorating economy and souring morale.

So what's wrong with that? The first objection ought to be human and moral: It is a policy bought with other people's blood. That humanitarian aid feeds a civil war in which the honor of the United States lies in the knapsack of hit-and-run terrorists. As casualties rise, so do the risks that this war may develop its own momentum. The most likely "accident"—perhaps even favored by some of the sponsors of insurgency—would be cross-border raids by Nicaragua against "contra" sanctuaries in Honduras and Costa Rica. The Reagan administration contends that the "contra" war is insurance against direct U.S. intervention, but it could well have the opposite effect, provoking events that eventually impel the use of U.S. forces.

An undeclared, low-level war for nebulous aims may be politically convenient to the president and Congress, but it baffles public opinion and alarms major allies in Latin America, not one of which supports the war. Bleeding Nicaragua is unlikely to produce plausible terms for a political settlement. It promises mainly misery for the combatants, discord at home and anti-Americanism abroad. The House's turnabout leaves the argument over Nicaragua stuck where it was, in a spongy bog.

—THE NEW YORK TIMES.

Other Opinion

Spain and Portugal Plunge In

The Community is a hodgepodge of national egotism, regional prejudice and corporatism. After 30 years it is still unable to "denationalize." Yet it has given Spain and Portugal the chance to emerge from isolation—and not just the recent isolation due to totalitarian regimes. Madrid and Lisbon have decided to join forces with those who believe in the possibility of a European federation. So there is cause for hope as well as for concern.

—Corriere della Sera (Milan).

Will we say one day about the membership of Spain and Portugal what we said after the admission of Britain—that it was a mixed blessing? We risk turbulent times that threaten our independence as free nations.

—La Dernière Heure (Brussels).

FROM OUR JUNE 15 PAGES, 75 AND 50 YEARS AGO

1910: The Man to Save the Buffalo

PARIS — The British Government has just issued a statement that there is a plague of wild elephants in Uganda. They are roaming the country in devastating herds, eating up the settlers' gardens and even tearing the roofs off storehouses to devour the grain. Such a thing was never known there before. Neither did Theodore Roosevelt ever go shooting there before, and if this plague of elephants is the result of his trip it opens up a fine line of speculation. Elephants in Uganda are of little use to America, but why not apply the same cause for a much to be desired result in the United States? The buffalo is practically extinct. Let Mr. Roosevelt go shooting those that are preserved in Yellowstone Park and perhaps in time there will be herds of them again roaming the Western plains. Likewise lobsters.

1935: A Financial Panic in Danzig

WARSAW — Despite, or perhaps because of, devaluation of the guilder by 42 percent some months ago, a financial panic has developed in the Free City of Danzig which may have widespread repercussions. Efforts of the Danzig Senate to calm the public have proved unavailing and the situation has become so critical that, following the visits of Colonel Joseph Beck, Polish Foreign Minister, Dr. Hjalmar Schacht, German Minister of Economics, flew there [on June 13]. Poland blames the freezing of Danzig credits in Germany for the situation and threatens in turn, if Polish credits are frozen by restrictions, to transfer its foreign commerce, on which Danzig depends, to its own port of Gdynia. The situation has been complicated by the Nazi activities in the Free State before and after the recent elections.

INTERNATIONAL HERALD TRIBUNE

JOHN HAY WHITNEY, Chairman 1985-1986

KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER

Co-Chairmen

LEE W. HUBNER, Publisher
WALTER WELLS, Editor
SAMUEL RAB, Deputy Editor
ROBERT K. MCCABE, Deputy Editor
CARL GEWIRTZ, Associate Editor

RENE BONDY, Deputy Publisher
ALAIN LECOUR, Associate Publisher
STEPHAN W. CONAWAY, Associate Publisher
FRANCOIS DESMAISON, Director of Circulation
ROLF D. KRANPEHL, Director of Advertising Sales

International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine, France. Tel.: (1) 47-1265. Telex: 612718 (Herald). Cables: Herald Paris. ISSN: 0248-8622.
Director of Publication: Walter N. Thayer.
Asia Headquarters: 24-34 Hennessy Rd., Hong Kong. Tel.: 255518. Telex 61170.
Managing Dir. U.K.: Robin MacKichan, 65 Long Acre, London W.C.2. Tel.: 806-8002. Telex 26200.
Gen. Mgr. W. Germany: W. Langhoff, Friedrichstr. 15, 10117 Frankfurt/M. Tel.: 69673735. Telex 416271.
S.A. capital of 1,200,000 F. RCS Nanterre B 732021126. Commission Paritaire No. 61337.
U.S. subscription: \$322 yearly. Second-class postage paid at Long Island City, N.Y. 11101.
© 1985, International Herald Tribune. All rights reserved.

Do the Giants Know What They're Doing?

By Flora Lewis

PARIS — This is a period of uncertainty and groping in superpower relations, a crossroads at which small steps can be decisive for future directions. There are some disconcerting parallels in Washington and Moscow. Neither capital seems to have faced up to the tough questions it must settle before the two can engage seriously in the negotiations they have launched.

In Washington the battle continues over how to deal with the Russians. President Reagan wisely overrode administration hard-liners and ordered continued U.S. compliance with the SALT-2 treaty, although only for the time being. Moscow's initial reaction was another propaganda burp, accusing the United States of plotting to destroy the whole idea of arms control.

So far the Soviets have responded almost hysterically to Mr. Reagan's Strategic Defense Initiative, making it the prime international political issue before anybody even knows if it is feasible. In both American and European opinion, the Kremlin has perverted the support for the notion of "star wars" feasibility by persuading people that there must be something in it if the Russians take it so seriously.

The Soviet leader, Mikhail Gorbachev, has made his own priority clear. It is a massive effort

to modernize the Soviet economy without any important reforms in the system. His economic and military problems are necessarily linked.

To a surprising extent he has echoed the thesis that brought a degree of disaster for the former chief of staff, Marshal Nikolai Ogarkov. It is that the technological muscle and productive capacity of the Soviet civilian economy must be sharply upgraded, not only to raise living standards but also as the essential base for maintaining military strength. The marshal was dismissed last year.

There are hints that he is being rehabilitated. He was one of the main Soviet spokesmen in the campaign opposing introduction of U.S. missiles in Europe. For nearly five years, that campaign was the central theme of Soviet diplomacy and it was a resounding failure. The Russians finally returned to the Geneva negotiating table anyway. They scarcely mention the missiles any more. Now their prime target is the SDI.

But they are shooting at "star wars" with the same diplomatic-propaganda approach they used so unsuccessfully against the Euromissiles, warning that all talks will break down unless

the United States swears off. This is peculiar. The Russians know very well that there is no way to impose a verifiable ban on research. They admit that they are doing research that could have similar applications. Still they return the

quid-or-we-won't-talk script, which served them so badly against the Euromissiles. If they continue this line they risk recreating the kind of political box in which Washington feels obliged to plunge ahead whether the SDI looks sound or not, so as to deny a Soviet right of veto on U.S. arms decisions; and in which Moscow cannot back away from intransigence without appearing to have weakened. This kind of confrontational approach will block any chance of compromise. It threatens to collapse the whole effort to control the arms race by agreement.

That cannot be in the Soviet interest, any more than it is in the interest of the United States or the rest of the world. Very little is known about politics inside the Kremlin. Andrei Gromyko, who led Soviet diplomacy in its missile fiasco, remains foreign minister. It is not clear whether he is responsible for repeating the style of that campaign now, or whether the advice comes primarily from Soviet military men.

There are visible ways to direct talks toward amplifying interpretations and closing loopholes in the ABM treaty. John B. Rhineland, who was legal adviser to the U.S. SALT-1 delegation, has given testimony to Congress on clear and specific points worth taking up.

They are technical, but of crucial importance if the ABM treaty and probably arms control in general are to be saved. The critical period, under U.S. "star wars" planning, will come between 1988 and 1993, that is, during the term of Mr. Reagan's successor. But by then Mr. Rhineland notes, the ABM treaty "probably could not be put back together again even if a later decision were made not to deploy SDI."

The Russians are under an illusion if they think America's European allies can be mobilized to prevent American research. The Europeans' dilemma is whether to participate, but that in itself might breach the ABM treaty, which forbids technology transfers.

Indecision in East and West is eroding the hope for arms control. Weapons builders on both sides are reinforcing each other. Moscow's current stance can propel it further into the contest that its leaders say they want to avoid.

The New York Times.



A Second Chance for Papandreou and Some Allies

By Andriana Ierodiaconou

ATHENS — Politicians do not always get a second chance, but Andreas Papandreou has sailed through the elections of June 2 to a second term as prime minister with a clear lead of 5 percentage points over the conservative opposition.

As in 1981, when his Panhellenic Socialist Movement put an end to almost half a century of right-wing rule in Greece, Mr. Papandreou faces four years in government armed with a strong mandate with which to try to set right the country's wrongs.

The governments of some partner countries in the European Community and NATO — West Germany and Britain, in particular — reacted less than graciously to Mr. Papandreou's victory. Yet the Socialist's 45.8 percent mandate is presumably a product of the democratic freedoms that the West was pleased to see Greece recapture after the painful experience of the colonels' dictatorship.

So perhaps another way to look at the election result is that it gives

Athens's allies a second chance to understand and come to terms with Andreas Papandreou's Greece.

This applies to the United States — which, as it happens, sent what Mr. Papandreou called a "warm" message of congratulations. Starting before the elections, he has been sending signals to Washington, using the press as one channel of communication, to indicate that he wants to improve Greece-U.S. relations.

At a press conference three days after his victory he aired a two-part proposition, suggesting it as a basis for improvement. America, he said, "must recognize clearly the problems Greece faces today," and Greece must see to it that "pains are taken to explain that whatever positions we take have to do with this country and are in no sense intended to be offensive or inimical to the U.S."

When Mr. Papandreou talks about "national problems," he means Tur-

key. Many of Greece's allies in NATO or the EC switch off when the Greeks start talking about Turkey. In his first term Mr. Papandreou rendered a disservice to his own cause when he alienated the very Western goodwill he was trying to cultivate by adopting the role of the abrasive dissident on international issues of particular sensitivity — the South Korean airliner and Poland, for instance.

Yet it is a fact of Greek political life that the country faces problems in connection with Turkey. It is not only Mr. Papandreou's view. It is the national view, held across the board from the far left to the far right.

The crux of these problems is Cyprus. Turkey invaded the strategic island — whose population is 18 percent Greek Cypriot — in 1974 after the Greek junta staged a coup against the government of Archbishop Makarios. Eleven years later Turkish troops

still occupy more than a third of Cyprus, holding Greek Cypriot properties. That is problem number one.

To protest against what it viewed as NATO inaction in the face of the invasion of Cyprus by a member state, Greece withdrew from the military wing of the alliance for almost six years. Its return in 1980 was carried out under the shadow of a Turkish bid for a larger slice of the operational control pie in the Aegean, which would change the pre-1974 arrangements at the expense of Greece. The issue is still unresolved. That is problem number two.

Disputes on continental shelf rights, territorial waters, airspace and Greece's right to militarize Aegean islands such as Lemnos — all of which sprang from the Pandora's box opened by the Cyprus crisis — constitute problem number three.

These are the "national problems" that Washington is called upon to understand. As the dominant superpower in the region the United States has the ability to help resolve them.

By the admission of Greek, Turkish and American officials, the single most effective catalyst for resolving the Athens-Ankara disputes would be a Cyprus settlement. Washington gave behind-the-scenes support to a UN-sponsored meeting in January between Cypriot President Spyros Kyprianou and the Turkish Cypriot leader, Rauf Denktash. The meeting was a failure. Since then Mr. Denktash has proceeded to consolidate his self-styled state he proclaimed in the occupied north of Cyprus in 1983, through a referendum for a "constitution" and so-called "presidential elections" — moves that in the view of Western diplomats in Nicosia do not bode well for a settlement.

Roughly put, Mr. Denktash talks to Ankara, and Ankara talks to Washington. That seems an obvious place to start if the United States intends to respond to the first part of Mr. Papandreou's proposition.

As for the second part, Mr. Papandreou says he will make efforts to explain to the United States that there is nothing personal in controversial positions that Greece might choose to take on international, bilateral or NATO issues. The Greek skepticism over the South Korean airliner incident, or opposition to sanctions against the Jaruzelski regime in Warsaw, might not have aroused quite such a storm if they had been expressed with more tact.

Yet it is difficult to imagine Washington not being furious with Mr. Papandreou if comparable disagreements occur during his second term. When and if this happens, there is something that might be borne in mind: The United States is reaping today, in Greek anti-Americanism and a relative Greek tilt toward the Soviet Union, what it sowed by backing the Greek colonels in the late '60s and early '70s. This is one of the lessons of Mr. Papandreou's Greece.

International Herald Tribune.



Democrats March to Reagan's Beat

By Mary McGrory

WASHINGTON — Right after the House voted down the Boland amendment on Wednesday, Speaker Tip O'Neill was in his private office doing what he often does — a favor for a friend. Still smarting from the cabing he took on a move that would have ended CIA involvement with the "contras," he was making a tape for a fund-raiser for Mo Udall of Arizona.

Mr. O'Neill did not want to talk about what had just happened. He read from a statement hastily prepared by his staff, which pointed out that President Reagan had won only by repudiating military aid for the rebels, criticizing their conduct, agreeing to negotiate with the Sandinistas and disavowing any intention of overthrowing them.

The speaker's heart was not in it. "I just can't explain it," he said.

It was a galling personal loss. He had thrown all of his weight into the fight, casting aside his usual diffidence on foreign policy questions. On Nicaragua, he thought he knew, firsthand, more than the State Department or the White House. A boyhood friend had gone to Nicaragua as a marine and been stabbed "for United Fruit." An aunt, a Maryknoll missionary, had assured him that the Sandinistas, whatever their philosophy, were making a better life for the common people.

But the House, which seven weeks before had unexpectedly defied the president on any aid for the "contras," was nervous. Speaker O'Neill knew it and tried to make his colleagues nervous on a larger

scale. Against talk of appeasement, compromise and Marxism-Leninism on the doorstep, he had respected harshly that intervention would lead to war. He thought this warning was a powerful counterweight against Nicaraguan President Daniel Ortega's trip to Moscow, and against Democratic fears of looking "soft on communism."

At his news conference before the session began, Mr. O'Neill elaborated on President Reagan's martial fantasies, which he thinks are the roots of the policy.

"He is not going to be happy until he has our marines and our rangers down there," Mr. O'Neill said. "He can see himself leading a contingent down Broadway with paper flying out the windows, with a big smile on his face like a kind of grade B motion picture actor coming home conquering hero."

He recalled Mr. Reagan telling him about the glorious day he pictured in Beirut. "With people waving handkerchiefs for the marines who had unified their country."

"It's unbelievable," Mr. O'Neill mused, "but that's the way he talks, and that's the way he thinks."

He recalled Mr. Reagan carried the day, 232-196. Fifty-eight Democrats deserted Mr. O'Neill and his pal, Edward P. Boland, the Massachusetts Democrat who chairs the House's Select Committee on Intelligence.

The most painful moment of a black day may have been the defection of John P. Murtha. Speaker O'Neill had befriended the Pennsylvania Democrat, a huge, blunt, assertive Vietnam veteran. But Mr. Murtha made one of the show speeches, an emotional tirade about the wimps in Congress who had lost Vietnam by sending mixed signals.

Mr. O'Neill stood alone in the back of the chamber, his bulk draped over the brass railing, not wanting war and looking the picture of woe as Mr. Murtha spoke of people who had "fought in the mud, who had water up to the waist."

The Republicans were in rapture. Their leader, Robert H. Michel of Illinois, principal architect of the "humanitarian" aid bill, took a front-row seat for the affair. When Mr. Murtha stopped shouting, he rushed forward to shake his hand.

Mr. O'Neill was seared by the betrayal. "He is one of my dearest friends in the House," he said of Mr. Murtha. "I am upset. I am very, very upset with him."

Dolefully he said that the members voted against their constituents, who, polls show, want no part of Mr. Reagan's quarrel with the Sandinistas. And it wasn't Mr. Ortega's trip to Moscow. After all, Prime Minister Rajiv Gandhi, who also went to see Mikhail Gorbachev and take money from him, was invited to address a joint session of Congress — and at the request of the president, Mr. O'Neill noted.

"I don't know," he said. "I can't explain it. They're afraid. They're afraid of Ronald Reagan."

Washington Post Writers Group.

The Pacific: An Ocean, Not a Basin

By Robert W. Gibson

LONG BEACH, California — Few people came to Long Beach last month for the first Pacific Rim Expo, which may also have been the last. "It's dead," said a representative from a participating company on the fourth and final day of the event.

It is chic to be a Pacific Rimmer. If you are a Californian, especially in business consulting where client-building is important, it is fashionable to talk up the rim. When Ronald Reagan reached the White House he even named a Pacific Basin ambassador, the first. It was not whimsy.

About half of the world's goods and services come from nations rimming the Pacific Ocean. The United States and Japan have the world's two largest economies. Since 1977, more U.S. trade flows across the Pacific than the Atlantic.

So it makes sense to have somebody looking after the Pacific Basin, and Ambassador Richard Fairbanks does an important job traveling the

In fact, more divides the nations of the Pacific Basin than unites them.

territory, giving speeches and keeping an ear open. But he may not be a true Pacific Rimmer, since he is skeptical of boosters who talk of a Pacific common market or any other kind of association with political undertones.

A typical Pacific Rimmer takes the economic megafacts about America, Japan, China, South Korea, Taiwan and the others, stuffs them into a pipe bowl and blows a colossal bubble encompassing them all. The shimmering result is labeled Pacific Rim, Pacific Basin, among other names, and presented at the world's most lucrative, promising market.

It is illusion, of course. More divides the nations of the Pacific Basin than unites them. But for many West Europeans the illusion creates anxiety. The French in particular seem to fear being shut out. And the Russians, who are suspicious of any grouping they cannot dominate, denounce the Pacific Basin as a Washington-Tokyo-Canberra conspiracy.

In fact it is a vague concept, except perhaps to an oceanographer. It stretches from the Arctic to the Antarctic. It will not in our time be a common market, a free trade association or even a GATT grouping.

What it turns out to be is a matrix for massive trade flows—about \$140 billion last year—and growing capital movement. These phenomena naturally follow industrial and technological development in the United States, Japan and, to a much lesser extent, some other Pacific countries. To make more of it is to raise false expectations, or fears.

The Pacific Basin does not even have a traffic cop; no authority coordinates the movement of trade. And no collection of nations could have more disparity than the large and small, capitalist and socialist and communist, religious and nonsectarian, lending and borrowing, strong and weak countries of the basin.

It is half the world, and the only common link is a shoreline washed by the Pacific Ocean.

Even the free-market nations do not coalesce. Singapore would feel overwhelmed in the same league with the United States and Japan. ("At some point we might think of a Pacific Crescent," a Singapore economic official said. "This would swing along the Asian coast from Japan to Australia," but preclude the United States.) South Korea and Taiwan compete, and both, like Japan, fear rising protectionism in North Korea, Malaysia, Indonesia and Thailand are beginning to bite into some of South Korea's and Taiwan's old markets.

Yet the glint shines among Pacific Rimmers. Seminars and conferences on the Pacific Basin are held by the score each year, often sponsored by scholars but attended by government officials and business executives.

Among the subjects Pacific Rimmers discuss when they get together is who should belong to the group. If China, whose aid to Taiwan? What role for Vietnam and North Korea? How about Mexico and other Latin American countries? They also discuss agendas — what they discuss. Topics range from nuclear energy to student exchanges.

An interdependent Pacific Basin, united in prosperity, might be the key to a peaceful world. But it is rare to find even two countries with enough in common for a lasting bond. In the end, national interests prevail.

Next year's Pacific Rim Expo probably won't attract as many as the 250 exhibitors this year. "We have better things to do than talk with other exhibitors," one company's agent said at her lonely booth.

The writer is the Los Angeles Times's international economics correspondent.

LETTER TO THE EDITOR

Apartheid Won't Wither

The "serious, nonracist case against sanctions" espoused by The Washington Post in its editorial "Sanctions on South Africa" (June 7) is a bit difficult to take seriously, precisely because it proposes an economic solution to a political problem.

The argument that economic growth will solve the blacks' problems is not only mistaken (witness U.S. history), it confuses the issues involved. It assumes that, if we wait long enough, apartheid will like the Communist state, wither away.

Unfortunately, those who enjoy power rarely offer to share it with others, least of all with those who have a rightful claim to it. Furthermore, it is far from certain that the intended beneficiaries of such an ap-

proach will patiently (and indefinitely) wait for trickle-down justice. Good policy is not simply the "type that widens blacks' economic advantages and openings," but that which visibly promotes social justice.

The issues involved in the apartheid problem are political and human rights, not economic opportunity.

Imposing sanctions would not only send a powerful message to South Africa that the status quo will not last, it would also provide the South African government with an opportunity to introduce meaningful political change while it is still in a position to do so. It is an opportunity that the Afrikaners would be well advised to take advantage of.

DANIEL BRIGHT,
Châillon, France.

Statistics Index
AMEX index P.14
NYSE index P.14
NASDAQ index P.14
Commodities P.14
Dividends P.14
Foreign exchange P.14
Interest rates P.14
Money market P.14
Oil prices P.14
Stock prices P.14
Treasury bills P.14
U.S. government bonds P.14
World market P.14

SATURDAY-SUNDAY, JUNE 15-16, 1985

ECONOMIC SCENE

U.S. Shows Symptoms Of 'Growth Recession'

By LEONARD SILK
New York Times Service

NEW YORK — Is the United States economy slouching toward recession? Since the first half of 1984, when the gross national product, adjusted for inflation, soared at an annual rate of 8.6 percent, growth has slowed to a crawl. Real GNP rose at an annual rate of only 1.6 percent in the third quarter of 1984, perked up to 4.3 percent in the fourth quarter and then slowed down to seven-tenths of 1 percent in the first quarter of this year, yielding an average growth rate of just 2.2 percent for the last three quarters.

Thus, the economy appears to be in a "growth recession," which Stephen S. Roach, a vice president and senior economist of Morgan Stanley & Co., defines as a period marked by real GNP growth of 2.5 percent or less for three consecutive quarters. Looking back over the last 30 years, he finds that the economy has gone through six growth recessions. In five of them, increasing industrial capacity and rising interest rates pushed the economy into outright recession.

The sixth case, at the time called a "mini-recession," lasted from the second quarter of 1966 through the second quarter of 1967, with real growth averaging 2.4 percent. The five quarters of growth recession culminated in resumed expansion, with the help of bulging military spending during the Vietnam War.

Could the current episode prove to be another exception to the norm of real recessions following growth recessions? As Mr. Roach notes, one significant difference now is that interest rates have been coming down. Since the third quarter of 1984, the 90-day Treasury bill rate has declined by more than 15 percent, whereas in the six preceding growth recessions it rose by almost 15 percent.

Offsetting that decline in interest rates, however, are other negative forces. The capacity-utilization rate of manufacturing industry was at 82.8 percent at the start of the present growth recession and had fallen to 80.5 percent in April. By comparison, the capacity-utilization rate in manufacturing averaged 87 percent at the outset of the last six growth recessions and, four quarters later, was down to an average of 85 percent of capacity.

The effect of the current low rate of capacity use is already evident in lower business capital-spending plans. The latest Commerce Department survey, conducted in April and May, found that businesses plan to expand capital spending in 1985 by just 6.2 percent, rather than the 7.3-percent increase they reported in the January-March survey.

BEFORE the current survey, industry was planning to reduce its capital outlays in the second half of this year from a seasonally adjusted peak annual rate of \$388.9 billion in the second quarter to \$384.3 billion in the second half of 1985, with the manufacturing industry trimming its capital outlays from a rate of \$157 billion in the second quarter to \$153.3 billion in the second half. But uncertainties over the president's proposal to overhaul the tax system, which would affect capital cost recovery and end the investment-tax credit, have apparently caused manufacturers to raise their capital-spending plans by 1.5 percent, to get in ahead of the changes.

Another factor pushing the economy down that was not present in earlier growth recessions is the overvalued dollar and the weakened foreign-trade position of the United States. Unless there is a significant correction in the value of the dollar, Mr. Roach warns, "a replay of cyclical history becomes a distinct possibility."

Even if the current growth recession does not turn into an outright one, most economists are marking their forecasts down for the rest of this year. The latest roundup of more than four dozen economists by Robert J. Eggert, editor of Blue Chip Indicators, finds that they are now forecasting real GNP growth

(Continued on Page 15, Col. 5)

Currency Rates

Cross Rates	June 14	June 15	June 16
Australia	1.481	1.481	1.481
Belgium	36.363	36.363	36.363
Canada	0.714	0.714	0.714
France	6.565	6.565	6.565
Germany	2.483	2.483	2.483
Italy	1.366	1.366	1.366
Japan	163.26	163.26	163.26
Netherlands	2.203	2.203	2.203
Spain	166.636	166.636	166.636
Sweden	4.666	4.666	4.666
Switzerland	2.036	2.036	2.036
UK	1.546	1.546	1.546
US Dollar	1.000	1.000	1.000

Interest Rates

Interest Rates	June 14	June 15	June 16
1 month	7.50%	7.50%	7.50%
3 months	7.75%	7.75%	7.75%
6 months	8.00%	8.00%	8.00%
1 year	8.25%	8.25%	8.25%

Key Money Rates	June 14	June 15	June 16
1 month	7.50%	7.50%	7.50%
3 months	7.75%	7.75%	7.75%
6 months	8.00%	8.00%	8.00%
1 year	8.25%	8.25%	8.25%

U.S. Money Market Funds	June 14	June 15	June 16
1 month	7.50%	7.50%	7.50%
3 months	7.75%	7.75%	7.75%
6 months	8.00%	8.00%	8.00%
1 year	8.25%	8.25%	8.25%

Gold	June 14	June 15	June 16
1 ounce	340.00	340.00	340.00
100 ounces	34,000.00	34,000.00	34,000.00

Japan's Growth Falters

Export Decline Blamed for Dip

By Keith Stafford

TOKYO — Japan's economic growth in the first quarter of this year dropped to an annual rate of 0.4 percent compared with 9.9 percent in the last quarter of 1984, the Economic Planning Agency said Friday.

Economists said the sharp drop was mainly due to a decline in the growth rate for exports, caused by the downturn in the U.S. economy, Japan's major overseas market.

"It's pretty disappointing," said Nick Gregory, an analyst with Hoare Govett (Far East) Ltd. "It's worse than expected."

The drop in economic activity left the final growth rate for the fiscal year ending March 31 at 3.7 percent after adjustments for inflation, the highest since 1972.

Japan's economic growth is measured the same way the United States determines its gross national product, or GNP, the total output of a nation's goods and services.

Economists at the Nomura Research Institute predicted that the growth rate in the 1985 fiscal year would be around 4.4 percent.

Lower export growth, an anemic improvement in domestic consumer spending and restrictions on government spending were to blame, they said.

The poor economic performance was likely to increase pressure on Prime Minister Yasuhiro Nakasone to abandon his tight state spending policy, analysts said.

Industrialists argue that the government should spend more on public works projects, such as housing and roads.

Japan cannot overcome its problems by trying to export more at a time when it is under pressure to reduce a massive trade imbalance, analysts said.

The Japanese trade surplus this year is expected to reach \$40 billion and there have been widespread demands, especially in the United States, for protectionist legislation to cut down on Japanese imports.

Kazuo Kida, chief economist at Sanmei Bank, said the disappointing first-quarter growth figure was due primarily to a slowdown in exports, especially electronic products and cars, to the United States.

Northrop's Fighter Climbing Fast

Air Guard Lobby Boosts Fortunes of Tigershark

By Wayne Biddle
New York Times Service

WASHINGTON — Buried among 200 pages of the 1986 military programs bill that the House of Representatives will debate this month is a congressional instruction that is rare in the annals of Air Force procurement. It calls for direct competition between two warplanes — General Dynamics Corp.'s F-16 Falcon, of which the Air Force has already acquired more than 1,300, and Northrop Corp.'s F-20 Tigershark, a plane that nobody has bought so far.

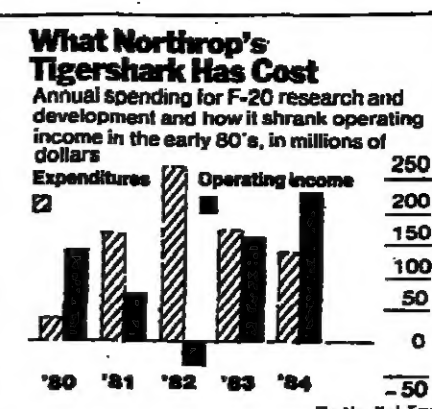
The directive does not guarantee that Northrop will sell a single F-20 to the Pentagon. And it may be, as some in Washington say, that the plane is being used simply to beat down the price of the F-16.

But the F-20's prospects have nonetheless suddenly blossomed. In addition to the military reform movement in Congress, the plane has been given an assist from budget constraints on the Air Force, a drive by the Air National Guard to win new aircraft instead of traditional Air Force hand-me-downs and Northrop's own lobbying and marketing skills.

And there may also be an export market. National security officials disclosed on Wednesday that Jordan appeared to be moving toward accepting Washington's preconditions of negotiations with Israel for purchase of the F-20.

Indeed, the Tigershark was designed at the behest of the Carter administration as a less-expensive fighter for the export market. The idea was to make planes available to friendly countries, but not such high-performance aircraft as might tip the balance of forces in any region.

However, under the Reagan administration, foreign governments have had liberal access to the



most sophisticated American weapons technology, leaving the F-20 on the shelf.

As a result, Northrop, which has invested \$800 million in the F-20, has built only three prototypes, two of which have crashed.

The House Armed Services Committee's unusual requirement on competition, which the Senate is likely to accept, is part of the extraordinary turn of fortune for the F-20.

The story of the F-20's climb out of five years of commercial doldrums into the House legislation, and into the Air Force's budget plan for 1987 and beyond, reflects much more than the new fashion for competition in Pentagon procurement.

"Northrop worked like a demon for four or five years and got absolutely nowhere," said an aide at the Senate defense appropriations subcommittee. Then suddenly, this spring, the company seemed to hit paydirt.

According to Representative James A. Courter, a New Jersey Republican who pressed for the language in the House committee bill calling for competition, a confluence of factors helped Northrop.

(Continued on Page 15, Col. 6)

Guinness Bids \$416 Million for Bell

By Bob Hagerty
International Herald Tribune

LONDON — Guinness PLC opened Friday what promises to be a fierce takeover battle by offering to acquire Arthur Bell & Sons PLC in a share swap valuing the Scotch whisky distiller at about \$325 million (\$416 million).

Guinness, based in Perth, Scotland, swiftly rejected the surprise approach as "wholly lacking in merit and demonstrably inadequate."

Investment analysts said Guinness, a London-based brewing and retailing company, would have to raise its bid substantially to succeed.

"Nobody thinks they're going to get it at this price," said a leading broker analyst, who predicted that the bid would have to be raised to at least \$380 million. He and other analysts said that active share dealings in recent weeks suggest that

another potential bidder could have built up a stake in Bell.

Ernest Saunders, Guinness's chief executive, brushed aside Bell's objections. "We are putting two great brands together," he exulted, and to prove the point the company offered both Guinness stout and Bell's whisky at a news meeting.

To Bell shareholders, Guinness offered nine new ordinary shares in Guinness for every 10 Bell ordinary shares. The brewer also offered an alternative of 225 pence in cash for each Bell share.

Guinness shares closed Friday at 256 pence, down 17 pence from Thursday on the London Stock Exchange. At that level, the share offer values Bell at 230 pence a share.

Reflecting hopes for a higher bid, Bell shares shot up to 270 pence, compared with 192 Thursday and a

low of 130 pence earlier this year.

Mr. Saunders said Guinness's marketing skills would improve sales of Bell's whiskies, particularly in the United States. He argued that his company had proven its marketing skills over the past three years by reversing a 10-year decline of Guinness stout sales in Britain and rapidly increasing U.S. sales of the black brew and several other brands.

By contrast, Mr. Saunders argued, Bell's share of the British whisky market had slipped to 20 percent from a peak of 25 percent five years ago. He called Bell's efforts to build up U.S. sales "a failure."

He conceded that the Scotch whisky market is in severe slump, but he said it was "a failure."

(Continued on Page 15, Col. 6)

U.K. to Sell Remaining Britoil Stake

Compiled by Our Staff From Dispatches

LONDON — The British government announced Friday that it would sell its remaining 48.8 percent holding in Britoil, the exploration and production arm of British National Oil Corp. this summer.

The government said it expected to raise about \$300 million (\$360 million) from the offer.

In a written statement to the House of Commons, John Moore, Treasury undersecretary, said 15 million of the 243 million shares to be sold would be reserved for company staff.

The government's determination to sell Britoil was first disclosed by Nigel Lawson, the Chancellor of the Exchequer, on May 2.

Giving further details on Friday, Mr. Moore said the price, to be set this summer, would be payable in two installments: one on application and the second about three months later.

He said existing shareholders would, "subject to any legal restrictions overseas, be given certain preferential allocation entitlements to acquire the shares on offer."

Britoil carries out oil and gas exploration and production and is an arm of BNO, which oversees Britain's oil trading in the North Sea.

Britoil was fully state-owned until Prime Minister Margaret Thatcher's Conservative government sold off 51.2 percent in November 1982 as part of its program of returning large chunks of Britain's public-sector industries to private hands.

(AP, Reuters)

McDonnell-Boeing Rivalry Heats Up

China Buys 2 More MD-80s in Plan to Decentralize Airline

By Dinah Lee
International Herald Tribune

HONG KONG — McDonnell Douglas Corp. has announced the sale of two MD-80 twin-jet transport planes to China's aviation authority and airline, the Civil Aviation Administration of China.

A week ago McDonnell Douglas disclosed a joint program with Shanghai Aviation Industrial Corp. to develop a new propulsion system for aircraft.

Thursday's announcement by Gareth Chang, president of McDonnell Douglas China Inc., marks the latest round in a heated competition between McDonnell Douglas and its chief U.S. rival, Boeing Co., for the booming market created by China's plans to decentralize its airline operations into separate regional operations.

In May, Boeing sold eight aircraft, valued at \$550 million, to CAAC. It expects to announce more sales in the coming months.

Mr. Chang said China's decentralization had sent aircraft salesmen scurrying "to see what people want."

McDonnell's latest sale brings the total of MD-80s purchased by China to 30, at an estimated price of nearly \$1 billion. In December 1983, China purchased two MD-80s, and last April it agreed to buy 26 more, 25 of which will be partly assembled in Shanghai.

The cooperation agreement is the first of its kind with China and, according to Mr. Chang, it is the largest business transaction to date between a U.S. company and China.

Approval of the cooperation aux postes administrateurs de Messieurs René Choulet et Robert Andoussier.

(AP, Reuters)

problems, he said, would be absorbing CAAC personnel not recruited by the new airlines.

Mr. Chang foresaw other teaching problems as well, such as arguments over who will sell whose tickets, who will own the regional airports and how maintenance costs will be charged to carriers.

Mr. Hu has set a target for launching the new operations within two years.

In May, Mr. Hu said he was working 15 to 16 hours a day to overhaul CAAC, which is known throughout Asia for surly service, poor safety standards and unreliable reservations and scheduling. He predicted that even with a planned expenditure of \$1 billion in 1986, CAAC will not meet growing demand, which increased 40 percent in 1984 from the previous year.

On Thursday, Mr. Chang said foreign aviation experts thought Mr. Hu's goal was realistic, but change would be "slow and difficult."

"Next month we will host 16 of Mr. Hu's airline planners in Long Beach, California, to educate and train them in what an airline is like and how it is operated, in a two-month program," he said. He added that some of the new regional airline executives, "don't even know what a contract is."

The airlines will be expected to recruit their own personnel, Mr. Chang said. One of Mr. Hu's major

problems, he said, would be absorbing CAAC personnel not recruited by the new airlines.

Mr. Chang foresaw other teaching problems as well, such as arguments over who will sell whose tickets, who will own the regional airports and how maintenance costs will be charged to carriers.

Mr. Hu has set a target for launching the new operations within two years.

In May, Mr. Hu said he was working 15 to 16 hours a day to overhaul CAAC, which is known throughout Asia for surly service, poor safety standards and unreliable reservations and scheduling. He predicted that even with a planned expenditure of \$1 billion in 1986, CAAC will not meet growing demand, which increased 40 percent in 1984 from the previous year.

On Thursday, Mr. Chang said foreign aviation experts thought Mr. Hu's goal was realistic, but change would be "slow and difficult."

"Next month we will host 16 of Mr. Hu's airline planners in Long Beach, California, to educate and train them in what an airline is like and how it is operated, in a two-month program," he said. He added that some of the new regional airline executives, "don't even know what a contract is."

The airlines will be expected to recruit their own personnel, Mr. Chang said. One of Mr. Hu's major

Apple to Close 3 Plants, Lay Off 1,200 Workers

The Associated Press

CUPERTINO, California — Apple Computer Inc., the second-largest personal computer maker in the United States, said Friday it would eliminate 1,200 jobs in the first large-scale layoffs in the company's history.

The layoffs will occur when plants in Dallas; Garden Grove, California; and Ireland are closed, along with the elimination of about 900 other positions, the company said.

Apple will continue to make its computers and peripheral products at plants in Fremont, California; Singapore and Cork, Ireland, a spokesman said.

"The slump in the personal computer industry is significant and Apple has taken aggressive steps to bring our organization in line with these conditions," John Sculley, the firm's president, said.

The company's stock ended trading Friday at \$14.75, down 12.5 cents.

The company said in late May that third-quarter earnings for this year should be lower than the second quarter, which produced revenue of \$435.3 million with net income of \$9.98 million, or 16 cents a share.

Hutton

MANAGED CURRENCIES PROGRAM

PERFORMANCE RESULT FOR BEGINNING EQUITY OF \$10,000 JANUARY 1st 1985 HAS BECOME \$14,113 JUNE 1st 1985

AFTER ALL COMMISSIONS

NEXT RESULT IN JULY 1985 ISSUE THERE IS NO MANAGEMENT FEE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE PERFORMANCE.

Please contact Oliver Doherty A Vice President

Hutton 43 Avenue Marconi 75116 PARIS - FRANCE Tel: 723-61-51 Telex: 630975

FOR NON FRENCH RESIDENTS ONLY.

RESERVE INSURED DEPOSITS TRUST

RES IN DEP An Account for the Cautious Investor to Protect and Increase Capital

U.S. Dollar Denominated Insured by U.S. Govt. Entities Important Tax Advantages Competitive Money Market Yields No Market Risk Immediate Liquidity Absolute Confidentiality

CHEMICAL BANK, New York Custodian CAYMAN NATIONAL BANK AND TRUST Registrar

RES IN DEP Case Postale 93 1211 Geneva 25, Switzerland Please send prospectus and account application to:

Name Address

Not available within the U.S.A.

CASINO
On the French Riviera
THE ONLY FRENCH CASINO WITH A FULL COMPLIMENT OF FEMALE DEALERS

Loews La Napoule
Hotel & Casino

Loews La Napoule
five minute drive from downtown Cannes, on the beach

FOR INFORMATION: PLEASE CALL (93) 49.90.00

NOVOTEC INVESTMENT FUND
Société Anonyme d'Investissement
Luxembourg, 37, rue Notre-Dame
R.C. Luxembourg B 20.653

Avis de convocation
Messieurs les Actionnaires sont convoqués par le présent avis à l'Assemblée Générale Extraordinaire qui aura lieu le 25 juin 1985 à 15.00 heures, dans les bureaux de la Kredietbank S.A. Luxembourg, 43, Boulevard Royal, Luxembourg, avec l'ordre du jour suivant:

Ordre du jour
1. Examen des rapports du Conseil d'Administration et du Commissaire aux Comptes.
2. Approbation du bilan et du compte des résultats au 31 mars 1985.
3. Affectation des résultats.
4. Décharge aux administrateurs et au commissaire aux comptes pour l'année écoulée.
5. Renouvellement du mandat du commissaire aux comptes.
6. Approbation de la cession aux postes administrateurs de Messieurs René Choulet et Robert Andoussier.
7. Divers.

The Value Line provides
OBJECTIVE EVALUATIONS of AMERICAN STOCKS

THE VALUE LINE
711 Third Avenue, New York, N.Y. 10017, U.S.A.

Payment in local currency (British £24, French 1700, Swiss 1200, DM240) and requests for information should be directed to: Value Line, Inc., 711 Third Avenue, New York, N.Y. 10017, U.S.A.

NYSE Most Actives				
Vol.	High	Low	Last	Chg.
IBM	125.00	124.00	124.00	-0.25
AT&T	100.00	99.00	99.00	-0.25
Amgen	100.00	99.00	99.00	-0.25
Amgen	100.00	99.00	99.00	-0.25
Amgen	100.00	99.00	99.00	-0.25
Amgen	100.00	99.00	99.00	-0.25
Amgen	100.00	99.00	99.00	-0.25
Amgen	100.00	99.00	99.00	-0.25
Amgen	100.00	99.00	99.00	-0.25
Amgen	100.00	99.00	99.00	-0.25

Dow Jones Averages				
Open	High	Low	Last	Chg.
Indus.	127.38	126.44	126.44	+0.24
Transp.	127.38	126.44	126.44	+0.24
Comp.	127.38	126.44	126.44	+0.24
Indus.	127.38	126.44	126.44	+0.24
Transp.	127.38	126.44	126.44	+0.24

NYSE Index				
High	Low	Last	Chg.	Vol.
127.38	126.44	126.44	+0.24	1,000,000
127.38	126.44	126.44	+0.24	1,000,000
127.38	126.44	126.44	+0.24	1,000,000
127.38	126.44	126.44	+0.24	1,000,000

Friday's NYSE Closing				
Vol.	High	Low	Last	Chg.
127.38	126.44	126.44	126.44	+0.24
127.38	126.44	126.44	126.44	+0.24
127.38	126.44	126.44	126.44	+0.24
127.38	126.44	126.44	126.44	+0.24

AMEX Diaries				
Class	High	Low	Last	Chg.
Advanced	127.38	126.44	126.44	+0.24
Advanced	127.38	126.44	126.44	+0.24
Advanced	127.38	126.44	126.44	+0.24
Advanced	127.38	126.44	126.44	+0.24

NASDAQ Index				
Close	Chg.	Week	Year	Vol.
127.38	+0.24	126.44	126.44	1,000,000
127.38	+0.24	126.44	126.44	1,000,000
127.38	+0.24	126.44	126.44	1,000,000

AMEX Most Actives				
Vol.	High	Low	Last	Chg.
127.38	126.44	126.44	126.44	+0.24
127.38	126.44	126.44	126.44	+0.24
127.38	126.44	126.44	126.44	+0.24
127.38	126.44	126.44	126.44	+0.24

Dow Jones Bond Averages				
Close	Chg.	Vol.	High	Low
127.38	+0.24	126.44	126.44	126.44
127.38	+0.24	126.44	126.44	126.44
127.38	+0.24	126.44	126.44	126.44

NYSE Diaries				
Class	High	Low	Last	Chg.
127.38	126.44	126.44	126.44	+0.24
127.38	126.44	126.44	126.44	+0.24
127.38	126.44	126.44	126.44	+0.24

Odd-Lot Trading in N.Y.				
Buy	Sell	Vol.	High	Low
127.38	126.44	126.44	126.44	126.44
127.38	126.44	126.44	126.44	126.44
127.38	126.44	126.44	126.44	126.44

Standard & Poor's Index				
High	Low	Last	Chg.	Vol.
127.38	126.44	126.44	+0.24	1,000,000
127.38	126.44	126.44	+0.24	1,000,000
127.38	126.44	126.44	+0.24	1,000,000

AMEX Sales				
Class	High	Low	Last	Chg.
127.38	126.44	126.44	126.44	+0.24
127.38	126.44	126.44	126.44	+0.24
127.38	126.44	126.44	126.44	+0.24

AMEX Stock Index				
High	Low	Last	Chg.	Vol.
127.38	126.44	126.44	+0.24	1,000,000
127.38	126.44	126.44	+0.24	1,000,000
127.38	126.44	126.44	+0.24	1,000,000

NYSE Prices Stage Rebound

United Press International
NEW YORK — The stock market rebounded Friday after Thursday's plunge and managed to push the Dow Jones industrial average above the psychologically important 1,300 mark.
Lower interest rates in a buoyant U.S. bond market gave stock prices a boost.
The Dow industrial average advanced 10.86 to 1,300.96. For the week, the Dow fell 14.45.
Advances outpaced declines 1,005 to 568 among the 2,014 issues traded.
Volume thinned to 93.09 million shares against 107.03 million Thursday. Stocks benefited from a technical recovery from Thursday's drop and from bond market strength, analysts said.
"Rumors the Federal Reserve might cut the discount rate today (Friday) fueled the strength in the bond market," Hildegard Zagorski of Prudential-Bache said.
Before the market opened, the Federal Reserve Board reported U.S. industrial production fell 0.1 percent in May, a weaker outcome than expected, and the Labor Department said U.S. producer prices rose 0.2 percent May.
The Commerce Department reported business inventories increased 0.4 percent in April.
"The stock market is bouncing from an over-sold position," said Hugh Johnson of First Albany.
In addition, the failure of the Fed to drain reserves from the banking system when federal funds were trading at a relatively low 7 1/2 percent encouraged speculation that the Fed might lower the discount rate, he said.
The economic data means the possibility of a discount rate cut sometime between today and

the end of the month is very strong," said Maria Ramirez, first vice president at Drexel Burnham Lambert.
But she said the rally in the bond market motivated by economic weakness is not healthy for stocks except in the short term. "Unless the economy bounces back, corporate earnings and stock prices will suffer," she said.
Halfway through the trading day, the Federal Reserve reported U.S. consumer credit expanded by \$8.27 billion in April.
IBM was the most active NYSE-listed issue, up 2 1/2 to 120 1/2.
Sperry followed, off 1 to 55 1/2. Standard & Poor's Corp. placed Sperry Corp. on its "CreditWatch" list with positive implications.
Burroughs was third, off 1 to 55 1/2. Standard & Poor's also put Burroughs on its "CreditWatch" list with negative implications.
Burroughs and Sperry are discussing a merger. In other technology stocks, Data General added 1/2 to 33 1/2 and Digital Equipment 1 1/2 to 9 1/2.
Texas Instruments gained 2 to 94 1/2. Hewlett-Packard added 1/2 to 33 1/2. National Semiconductor edged up 1/2 to 11 1/2.
TWA dropped 1/2 to 19 1/2. It will be sold to Texas Air Corp.
General Electric was up 1/2 to 59 1/2 in active trading.
Capital Cities Communication, one of the session's biggest losers, fell 2 1/2 to 105 1/2. It may be selling its cable television systems to the Washington Post Co.
Among other media and entertainment stocks, Viacom gained 1 1/2 to 47 1/2. MCA Inc. lost 1 1/2 to 57 1/2.

12 Month	High	Low	Stock	Div.	Yld.	PE	52	Week	High	Low	Close	Chg.
127.38	126.44	126.44	126.44	+0.24	1,000,000	127.38	126.44	126.44	+0.24	1,000,000	127.38	126.44
127.38	126.44	126.44	126.44	+0.24	1,000,000	127.38	126.44	126.44	+0.24	1,000,000	127.38	126.44
127.38	126.44	126.44	126.44	+0.24	1,000,000	127.38	126.44	126.44	+0.24	1,000,000	127.38	126.44

12 Month	High	Low	Stock	Div.	Yld.	PE	52	Week	High	Low	Close	Chg.
127.38	126.44	126.44	126.44	+0.24	1,000,000	127.38	126.44	126.44	+0.24	1,000,000	127.38	126.44
127.38	126.44	126.44	126.44	+0.24	1,000,000	127.38	126.44	126.44	+0.24	1,000,000	127.38	126.44
127.38	126.44	126.44	126.44	+0.24	1,000,000	127.38	126.44	126.44	+0.24	1,000,000	127.38	126.44

12 Month	High	Low	Stock	Div.	Yld.	PE	52	Week	High	Low	Close	Chg.
127.38	126.44	126.44	126.44	+0.24	1,000,000	127.38	126.44	126.44	+0.24	1,000,000	127.38	126.44
127.38	126.44	126.44	126.44	+0.24	1,000,000	127.38	126.44	126.44	+0.24	1,000,000	127.38	126.44
127.38	126.44	126.44	126.44	+0.24	1,000,000	127.38	126.44	126.44	+0.24	1,000,000	127.38	126.44

12 Month	High	Low	Stock	Div.	Yld.	PE	52	Week	High	Low	Close	Chg.
127.38	126.44	126.44	126.44	+0.24	1,000,000	127.38	126.44	126.44	+0.24	1,000,000	127.38	126.44
127.38	126.44	126.44	126.44	+0.24	1,000,000	127.38	126.44	126.44	+0.24	1,000,000	127.38	126.44
127.38	126.44	126.44	126.44	+0.24	1,000,000	127.38	126.44	126.44	+0.24	1,000,000	127.38	126.44

12 Month	High	Low	Stock	Div.	Yld.	PE	52	Week	High	Low	Close	Chg.
127.38	126.44	126.44	126.44	+0.24	1,000,000	127.38	126.44	126.44	+0.24	1,000,000	127.38	126.44
127.38	126.44	126.44	126.44	+0.24	1,000,000	127.38	126.44	126.44	+0.24	1,000,000	127.38	126.44
127.38	126.44	126.44	126.44	+0.24	1,000,000	127.38	126.44	126.44	+0.24	1,000,000	127.38	126.44

12 Month	High	Low	Stock	Div.	Yld.	PE	52	Week	High	Low	Close	Chg.
127.38	126.44	126.44	126.44	+0.24	1,000,000	127.38	126.44	126.44	+0.24	1,000,000	127.38	126.44
127.38	126.44	126.44	126.44	+0.24	1,000,000	127.38	126.44	126.44	+0.24	1,000,000	127.38	126.44
127.38	126.44	126.44	126.44	+0.24	1,000,000	127.38	126.44	126.44	+0.24	1,000,000	127.38	126.44

12 Month	High	Low	Stock	Div.	Yld.	PE	52	Week	High	Low	Close	Chg.
127.38	126.44	126.44	126.44	+0.24	1,000,000	127.38	126.44	126.44	+0.24	1,000,000	127.38	126.44
127.38	126.44	126.44	126.44	+0.24	1,000,000	127.38	126.44	126.44	+0.24	1,000,000	127.38	126.44
127.38	126.44	126.44	126.44	+0.24	1,000,000	127.38	126.44	126.44	+0.24	1,000,000	127.38	126.44

12 Month	High	Low	Stock	Div.	Yld.	PE	52	Week	High	Low	Close	Chg.
127.38	126.44	126.44	126.44	+0.24	1,000,000	127.38	126.44	126.44	+0.24	1,000,000	127.38	126.44
127.38	126.44	126.44	126.44	+0.24	1,000,000	127.38	126.44	126.44	+0.24	1,000,000	127.38	126.44
127.38	126.44	126.44	126.44	+0.24	1,000,000	127.38	126.44	126.44	+0.24	1,000,000	127.38	126.44

12 Month	High	Low	Stock	Div.	Yld.	PE	52	Week	High	Low	Close	Chg.
127.38	126.44	126.44	126.44	+0.24	1,000,000	127.38	126.44	126.44	+0.24	1,000,000	127.38	126.44
127.38	126.44	126.44	126.44	+0.24	1,000,000	127.38	126.44	126.44	+0.24	1,000,000	127.38	126.44
127.38	126.44	126.44	126.44	+0.24	1,000,000	127.38	126.44	126.44	+0.24	1,000,000	127.38	126.44

12 Month	High	Low	Stock	Div.	Yld.	PE	52	Week	High	Low	Close	Chg.
127.38	126.44	126.44	126.44	+0.24	1,000,000	127.38	126.44	126.44	+0.24	1,000,000	127.38	126.44
127.38	126.44	126.44	126.44	+0.24	1,000,000	127.38	126.44	126.44	+0.24	1,000,000	127.38	126.44
127.38	126.44	126.44	126.44	+0.24	1,000,000	127.38	126.44	126.44	+0.24	1,000,000	127.38	126.44

12 Month	High	Low	Stock	Div.	Yld.	PE	52	Week	High	Low	Close	Chg.
127.38	126.44	126.44	126.44	+0.24	1,000,000	127.38	126.44	126.44	+0.24	1,000,000	127.38	126.44
127.38	126.44	126.44	126.44	+0.24	1,000,000	127.38	126.44	126.44	+0.24	1,000,000	127.38	126.44
127.38	126.44	126.44	126.44	+0.24	1,000,000	127.38	126.44	126.44	+0.24	1,000,000	127.38	126.44

127.38	126.44	126.44	126.44	+0.24	1,000,000	127.38	126.44	126.44	+0.24	1,000,000
--------	--------	--------	--------	-------	-----------	--------	--------	--------	-------	-----------

EGYPT

A SPECIAL REPORT

SATURDAY-SUNDAY, JUNE 15-16, 1985

Page 9

Economy Entering A Period Of Change

By Ollar Tobamy

CAIRO — The Egyptian economy is passing through a transitional period during which its structure is being reshaped and its relations with the rest of the world are being redefined as economists hope for a new stage of sustained and balanced growth.

This new phase, starting with the beginning of the fiscal year in July, was forecast by the 1982-1987 social and economic development plan, laying the groundwork for wide-ranging changes. The detailed plan and the increasingly influential role exercised by the Ministry of Planning characterizes a new style of managing the economy brought in by President Hosni Mubarak.

Although five-year development plans are not new to Egypt, having been introduced more than two decades ago, the current plan is distinguished by its direct impact, enhanced by close monitoring and regular follow-up.

The minister of planning, Kamal el-Ganzouri, asserted his satisfaction with the economy's performance in line with the plan, which he described as "corrective" for trends associated with rapid expansion. The first year of the plan coincided with the start of downward pressure on the economy brought about by a fall in government revenues. The growth rate of gross domestic product dropped from a record 9 percent before 1981 to 7.6 percent last year and an expected 7.4 percent this year.

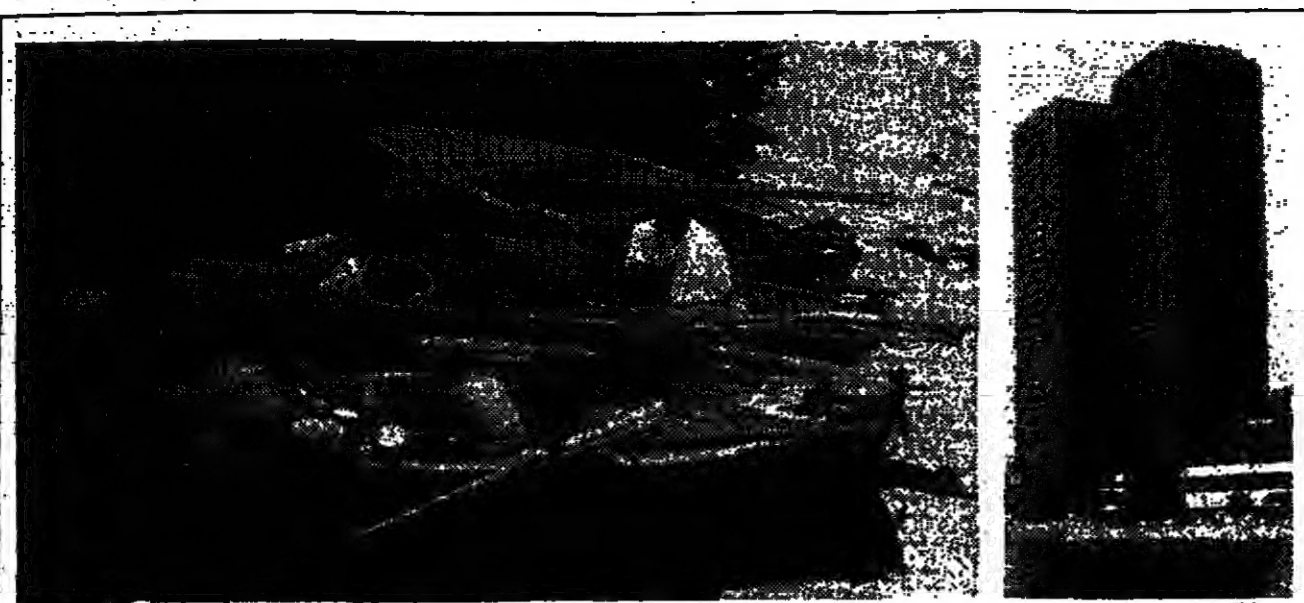
Mr. Ganzouri believes that the first challenge to the realization of the plan's goals is the rate of population growth, which remains one of the highest in the world at 2.7 percent annually. Another is the appetite for consumption, which he regards as incompatible with present economic conditions. The third challenge is that certain sectors of the economy have proven more capable of meeting their objectives than others.

The new fiscal year is a turning point in directing Egypt's economy toward import substitution and export promotion. The last few years have witnessed movement in the direction of import substitution, with increases in agricultural production permitting Egypt to substantially reduce imports of eggs, beans, sugar and other items.

Rising industrial production has put an end to imports of fertilizer and has cut cement imports in half, also sharply reducing purchases abroad of consumer products such as cigarettes and electrical appliances. These results, have been achieved with the private sector contributing a quarter of new investments, exceeding its targeted growth.

The completion of a number of major projects has helped raise the

(Continued on Page 12)



The Nile At Cairo

River boatmen, above left, and new office buildings fronting the river, above right. At right, Cairo women wash clothes in the Nile.

Arms Exports Earn \$2 Billion a Year

CAIRO — The Kahira AH-300, a sleek delta-winged fighter, is now a museum piece. Like many costly arms projects of the 1960s, it was scrapped by politicians.

But for the makers of the Mach-2 plane, the blow was especially hard. It had been designed and built in Egypt, a symbol of a capacity to meet the armed forces' most sophisticated needs with home-grown talent, albeit with a team headed by the German World War II designer, Will Messerschmitt.

The plan was to make Egypt less dependent on outside suppliers for its weaponry. The last of three Kahira prototypes — the only one to have an all-Egyptian engine — flew in 1969 when the Egyptian Air Force ordered more MiGs from Moscow.

Three years later, President Anwar Sadat expelled the Russians, and the supply of MiGs dried up.

Aware since then of the dangers of relying on one country for arms, Cairo has diversified its purchases, buying mainly from the United States, France and Britain. But it also has turned its attention to building up its own arms industry and turned it into a major foreign-currency earner.

Western military experts put the

current value of export sales of Egypt's arms industry at about \$2 billion annually, double the value of 1982 sales.

Much of this income comes from sales, particularly ammunition and replacement parts, to Iraq for its war against Iran, which is now approaching its fifth year. Nigeria is another big purchaser.

But it is difficult to calculate profit in real terms against the investment made because of the secrecy surrounding Egypt's military spending.

Egypt's arms industry is under the Military Production Industries and the Arab Organization for Industrialization, which was set up in 1975 in cooperation with Saudi Arabia, Qatar and the United Arab Emirates. The three Gulf countries pulled out four years later when Egypt signed its peace treaty with Israel.

Despite the withdrawal of these rich associates, Egypt pressed ahead, true to a policy first promoted by the late Gamal Abdel Nasser to manufacture everything "from the needle to the rocket," and its success has exceeded many expectations.

The most prestigious program so far has been the assembly at the

Helwan Aircraft Co. factory, just south of Cairo, of the French-West German Alpha jet, a trainer and ground attack plane purchased to replace the aging MiG-17.

Alpha assembly was started in November 1982 with a target of 45 for the Egyptian Air Force, which is now almost complete. Some of the tools and jigs on the assembly line were locally produced and the factory made some moving control surfaces from scratch, which were then sent to Breguet-Dassault in France for installation on planes built in Europe.

Initially, some other Arab countries came to watch the Egyptian-assembled Alpha being put through its paces, raising Egyptian hopes that Dassault and Dornier, the West German Alpha partner, would commission the Helwan factory to produce more of the planes as a subcontractor for the regional market. But those hopes were never fulfilled. The Alpha assembly line would, it was hoped, give Egypt a high-technology base for its aircraft industry. But Western military experts question whether Egypt is not being too ambitious in aiming for the top end of the industry.

One senior Egyptian defense of-

ficial is on record as saying that Egypt does "not want to assemble weapons from kits; we want to produce them here where we have

(Continued on Next Page)

Mubarak Scores Points For Foreign Policy, but Economic Woes Remain

By Julian Nundy

CAIRO — Egypt has edged closer to center stage in the Arab world this year, but it has still managed to improve its cool relations with Israel.

As President Hosni Mubarak approaches his fourth anniversary in power since he took over after the assassination of Anwar Sadat on Oct. 6, 1981, he has, in the words of one Western diplomat, "become his own man; he is no longer seen as Sadat's vice president."

While the pressing domestic problems of modern Egypt show no signs of disappearing, President Mubarak's successes in foreign affairs have increased his stature as leader.

For the most part, the impetus for improvement came from outside — when Jordan unilaterally decided to restore ties after a five-year break last September and with the change of government in Israel.

But, in the view of analysts in Cairo, Egypt has been careful to take full advantage of the opportunities offered. It has played an important backstage role in promoting new Jordanian peace efforts and dampened earlier criticism of Israeli policies in south Lebanon as Israel began to withdraw from the area.

On the domestic front, parliamentary elections in May of last year also helped to improve Mr. Mubarak's standing, they said.

While all the opposition parties accused the government of rigging the elections, analysts agreed that they were the freest ever seen in modern Egypt. The ruling National Democratic Party won a resounding victory with the new Wafd Party becoming the only parliamentary opposition with 57 of the People's Assembly's 448 seats.

"This has, nevertheless, created a vocal opposition, and Mr. Mubarak seems prepared to tolerate this; it has put his mark on Egyptian policies," one diplomat said.

Otherwise, Egypt's main problem — its rapidly increasing population — remains insoluble and could bring severe difficulties in the long term.

The current population is estimated at 48 million and is growing by 2.7 percent annually, or 1 million new citizens every 10 months. Half the population is under 20 and only 10 percent of the land, mainly along the Nile Valley, is considered habitable.

The government has set up a National Population Council to address the issue as Mr. Mubarak warned of "terrible famine, unemployment and terrorism" if population growth were not checked.

On the economic front, experts predict a balance of payments deficit in the current financial year. The balance was in surplus throughout the second half of the 1970s and into the 1980s.

Western economists say that many of the elements that enabled Egypt to stay in the black were only temporary and that nothing is on the horizon to take their place.

They include remittances from Egyptian workers abroad, allowed to travel freely for the first time after the 1973 Middle East war, and income from the Sinai oil fields that Israel returned to Egypt. Both these sources of income appear to have peaked, the economists said.

One policy viewed as playing a large role in Egypt's problems is the

lack of import controls under *infat*, or open-door policy of trade liberalization sponsored by Mr. Sadat to promote a free-market economy. "The open door has become like a saloon door, swinging back and forth," one economist said.

Another is the government's persistence in subsidizing food, energy and clothing. These measures, designed to help the poor, also benefit the wealthy since reduced prices are available to all. The International Monetary Fund has repeatedly asked Egypt to scrap the subsidy system.

But Mr. Mubarak wins high praise from Western economists for the interest he has taken in the economy since he took power. "He has made it a priority, whereas Sadat didn't seem to care," one said.

Another major priority of the Mubarak years has been to keep a careful watch on internal security after Mr. Sadat's death at the hands of Moslem extremists.

Mr. Mubarak appears to have maintained control over the internal situation while taking care not to exacerbate tensions.

Trials of Moslem extremists rounded up after the assassination have been far from vindictive displays of revenge, with many defendants acquitted or getting only light sentences.

The Egyptian judiciary has won praise from Amnesty International for its independence. One tribunal ordered an inquiry into allegations of torture at the hands of police interrogators made by prisoners.

A reminder of Mr. Mubarak's security worries came in May when a group of demonstrators clashed with police outside a Cairo synagogue. They believed that Israeli negotiators attending talks in

(Continued on Next Page)

BANQUE MISR

Founded in 1920



THE PIONEER BANK IN EGYPT

300 Branches in Egypt
52 Affiliated Companies
3 Joint Venture Banks

AND NOW IN OPERATION

BANQUE MISR PARIS

10, Rue Auber, 75009 Paris
Tel: 266.90.66 Telex: 213020 BANSR

BANQUE MISR

Head Office, 151 Mohamed St. Cairo
Telex: 92242 UN, 92553 UN, 92325 UN.

The 'Blooming Desert' Still in Dream Phase

By Anne Charnock

CAIRO — Hard work has brought few rewards for farmers trying to make the desert bloom in South Tahrir. These pioneers, spurred by the national dream of colonizing Egypt's vast and arid lands, are struggling to make a profit from their small 10- or 20-acre (4- or 5-hectare) plots, bought from the old state farms set up in Gamal Abdel Nasser's day.

They receive little guidance on what crop to grow or how to irrigate this unfamiliar territory. And as a result of daily electricity failures, water cannot be pumped from the main canals for hours at a time. So farmers must watch their crops die in the fields.

Desert reclamation is a top-priority government policy because of the country's rapid population growth and the consequent loss of prime agricultural land to urban sprawl along the Nile Valley and Delta. At first glance, desert farming would appear to be the domain

of large private companies. The Salsiya farm run by Arab contractors, west of Ismailia, is regarded as a showpiece project in so-called "new lands." It demonstrates that large-scale desert farming is technologically viable with its circular green fields watered by sophisticated center-pivot irrigation sprinklers.

However, small-scale farming, according to the Desert Development Center of the American University in Cairo, should not be dismissed because of its poor record. On a research and demonstration farm in South Tahrir, the center's multidisciplinary team is showing that small farms can make a respectable profit. And according to the center's farm manager, Denis Bower, "on the whole, a small farmer has a bigger chance of success because the large companies don't have the management expertise or the dedication."

The center is filling some of the

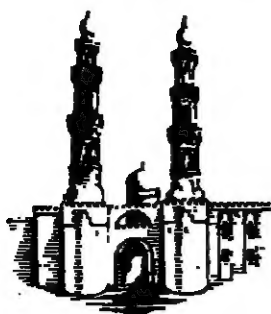


Farm workers at Kaha village, above, near Cairo. Below, a worker tends chicks at a poultry farm in the village.

Photographs by Bill Lyons

(Continued on Page 11)

BANQUE DU CAIRE (S.A.E.) EGYPT



One of Egypt's leading commercial banks and one of the largest too
Our most valuable assets Experience, Flexibility & Efficiency
"Make Banque Du Caire your first port of call"

Financial Statement as at 30th June, 1984
In thousands of pounds

LIABILITIES	E.P.
Capital, Reserves & Provisions	376,899
Deposits & Current Accounts	2,783,761
Banks & Correspondents	271,134
Sundry Credit Balances	249,441
	3,681,235
Contra Accounts	1,610,045
ASSETS	E.P.
Cash in Hand & Balances with Banks & Correspondents	1,721,883
Total Investments	188,197
Total Advances & Loans	1,685,247
Sundry Debit Balances	85,908
	3,681,235
Contra Accounts	1,610,045
Net Profit	43,387

Joint Ventures:

Banque Du Caire Barclays International Bank/Egypt
Banque du Caire et de Paris/Egypt
Cairo Far East Bank/Egypt
Saudi Cairo Bank/Saudi Arabia
Cairo Amman Bank/Jordan

and participating in the following banks:

Suez Canal Bank/Egypt
Housing & Development Bank/Egypt
Egyptian Gulf Bank/Egypt
National Bank for Development/Egypt
Egypt Arab African Bank/Egypt
Pyramids Bank/Cairo
Export Development Bank of Egypt/Cairo

Participating in 31 other companies in various activities:
106 Branches & Offices in Egypt
4 Branches in the U.A.E. & One in Bahrain

HEAD OFFICE:

22 Adly Street, P.O. Box 1495 - Cairo - Egypt
Telephone: 762545 - 749669 - 745574
Telex: 92022 - 92838 - 23438 BNKHR - UN (Cable: BANKAHER)

بنك النيل THE NILE BANK

In Egypt where the Nile River is the source of life you will find the Nile Bank to help and advise you whenever you do business. The Nile Bank offers you all perfect banking services.
*Authorized Capital: US\$40,000,000 fully subscribed by Egyptian individuals (paid up \$30,000,000).
*The bank deals in foreign currencies as well as Egyptian Pounds.

BALANCE SHEET AS AT DECEMBER 31, 1984 (in Million Dollars)

	1983 (\$1=0.83 LE)	1984 295.4
Total Assets and Total Liabilities	274.5	295.4
Assets		
Cash and Deposit with Banks	162.6	155.3
Loans and Advances	88.8	111.7
Investment at cost	3.2	4.9
Bank Premises at cost	7.6	10.4
Liabilities		
Deposits and Current accounts for Clients	151.3	173.2
Deposits and Accounts due to Banks	67.2	58.2
Total Shareholders equity	35.1	38.8

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON DECEMBER 31, 1984 (in Million Dollars)

	1983 (\$1=0.83 LE)	1984 27.7
Total Income	25.7	27.7
Total Expenses	16.9	20.4
Total Profit for distribution	8.1	7.3

Head Office: 35 Ramses St., Cairo, (Abdel Moneim Riyad Sq.)
Telephone: 741417 - 751105 - 753947 - 749187 - 743502
Telex: 93368 - 20785 - 22344 BANIL UN
Cable: NILBANGYPT
P.O. Box: 2741 Cairo

Heliopolis Branch: 20 Ibrahim St.
Telephone: 580859 - 581598 - 582241
Telex: 22967

El Hegaz Branch: 19 El Hegaz St.
Telephone: 867094

Maadi Branch: 87 St. 9 Mahata Sq.
Telephone: 595480 - 595740 - 595940 - 595390

Giza Branch: 32(A) Morad St. EL-GIZA
Telephone: 723350 - 723470

Shobra Branch: 94(A) Shobra St. Road El Farag Sq.
Telephone: 648837 - 648749

El Mohandesin Islamic Branch: Arab League St.
(Zamalek Sporting Club)
Telephone: 809492 - 815533
P.O. Box: 142 El Mohandesin

BRANCHES UNDER ESTABLISHMENT:
Aswan - Zagazig - Menia - Suez - Mahala El Kobra - Port Said - Asiot - Second Branch in Alexandria

Offices: Cairo International Airport
Alex Branch: 8 Champollion St. El Azarita
Telephone: 27022 - 964189 - 25886
Telex: 54485 NILBK
Cable: NILBALEX

Alex Office: Maritim Port Free Zone (EL AMERIA)

El Mansoura Branch: 211 El Gomhoria St.
Telephone: 328522 - 321108

Souhag Branch: 33 El Gomhoria St.
Telephone: 24243

Damietta Branch: El Louzy Str., El Zayat Building
Telephone: 4515

NEW BRANCHES: Helwan Branch:
15 May City

Tanta Islamic Branch: 34 El Geish Str.
Telephone: 28608 - 28610

SAFE BOXES AVAILABLE AT:
Head Office - Cairo - Alexandria - Heliopolis
- Giza - Mansoura - Islamic Branch

A SPECIAL REPORT ON EGYPT

Mubarak, Hussein Take Lead in New Bloc of Moderates

CAIRO — Jordan's resumption of diplomatic ties with Egypt has led to the de facto creation of a new moderate bloc in the Arab world that seeks peace with Israel and opposes Islamic extremism, according to Arab and foreign analysts.

While President Hosni Mubarak of Egypt and King Hussein of Jordan are known for their pro-Western attitudes, diplomats consider that the new moderate group that they lead includes two unexpected converts — Yasser Arafat's Palestine Liberation Organization and President Saddam Hussein of Iraq.

One important factor uniting them is enmity toward Syria, the Soviet Union's main ally in the region.

The Ba'ath nationalist rulers of Syria and Iraq have long been at odds, although they were both considered radical in the 1970s. Their rivalry has intensified because of Syrian support for Iraq in the war with Iran.

Two of Iraq's staunchest allies since the Gulf war began in September, 1980, have been Jordan, which has acted as conduit for many supplies needed for the war effort, and Egypt, which still does not have full ties with Baghdad.

Last September, King Hussein unilaterally decided to restore full ties with Egypt. Like most other Arab heads of state, he had cut them off after the late Anwar Sadat signed the peace treaty with Israel in 1979.

While Iraq has not restored links, President Mubarak visited Baghdad with King Hussein in March and Egypt has been one of Iraq's main arms suppliers.

Ironically, it was in Baghdad that Arab leaders met to condemn Egypt and decide on a boycott after Mr. Sadat began his overtures to

Israel in 1977. Mr. Arafat was one of the participants.

Many Arab leaders are fearful of Islamic extremism gaining a hold in the region and are anxious that Saddam Hussein should not lose Iraq's war with Iran's Ayatollah Ruhollah Khomeini.

At the same time, Iraq has been willing to soften its former radical principles in response to support from Egypt and Jordan. It has followed its allies' advice to deal with Washington, allowing the reopening of the U.S. Embassy last year. Baghdad had closed the mission after the 1967 Middle East war.

Mr. Arafat drew closer to both Jordan and Egypt after his forces were defeated near the Lebanese port of Tripoli in December 1983 by Syrian-backed PLO rebels.

After leaving Tripoli by ship, Mr. Arafat stopped in Egypt for talks, ending his own boycott of Cairo.

Later, he renewed suspended talks with King Hussein to find a common negotiating position to give a boost to efforts for a peaceful settlement of the Arab-Israeli conflict and the eventual creation of a Palestinian state.

The Jordanian-PLO talks resulted in an accord last Feb. 11 providing for a joint Jordanian-Palestinian delegation to attend any peace talks.

Diplomats in Cairo say that President Mubarak, buoyed by Jordan's recognition of his government, was instrumental in persuading King Hussein and Mr. Arafat to find common ground.

Egypt, until its rapprochement with Israel, was the undisputed leader of the Arab world.

Since then, Cairo has always maintained that when the conditions were right for other Arabs to



King Hussein, left, and President Mubarak at the start of their talks at the Red Sea resort of Hurgada.

negotiate peace with Israel it would be ideally placed to act as a go-between.

For the moment, Mr. Mubarak has limited himself to acting as an intermediary between King Hussein and the United States.

Last year, King Hussein said that the United States had lost its credibility as a mediator in the Middle East because of its "one-sided" support for Israel, spoiling already uneasy ties with Washington.

Mr. Mubarak has retained good relations with Washington since he became president after Mr. Sadat's assassination in 1981. Recently, he set out to convince the Jordanian monarch and the PLO leader that dealing with Washington was an essential first step to get a new peace process under way.

Western diplomats said that Mr. Mubarak showed signs, however, of wanting to recover a leading role.

He promoted the Jordanian-

PLO accord during a visit to Washington in March, but also wanted direct involvement in any ensuing negotiations, the diplomats said.

They added that this scenario did not please the Jordanians.

"He wanted Egyptian involvement, which upset Hussein, who thought Mubarak was pushing too far," one of them said. "Since then, the Egyptians have taken a back seat. They have realized that there is nothing active that they can do. They are just rushing about telling people that the Jordanian-PLO record is important."

Egyptian officials have since become extremely cautious in their discussion of King Hussein's peace moves. But observers say that Egypt has put many of its hopes for a full reintegration into the Arab fold — and presumably for a renewed leadership role — in the Jordanian-PLO stance.

— JULIAN NUNDY

Foreign Success Amid Economic Woes

(Continued From Previous Page)
Egypt planned to attend a service there.

But analysts seem to view that incident as an isolated event, although they do not underestimate the potential for trouble that Moslem fundamentalism may bring.

On the popularity scales, Mr. Mubarak has had his ups and downs since becoming president. After the hectic Sadat years, brought to an abrupt end just after Mr. Sadat jailed a number of political opponents, many Egyptians ap-

preciated Mr. Mubarak's calmer, more modest style and his efforts to cool passions.

But many Egyptians who initially praised Mr. Mubarak for his caution later began to criticize him for what they saw as indecision.

Now, however, many political analysts give him credit for consistency.

When he arrived in power, he insisted that Egypt would not go out its way to restore relations with the Arab nations that broke ties over peace with Israel.

The only one to restore full ties

has been Jordan, which took the initiative. Cairo's links with other Arab states, with the exception of Libya and Syria, have improved greatly although the formal step of extending full diplomatic recognition has not been taken.

Mr. Mubarak has managed to keep relations with Israel correct if distant. He withdrew Cairo's ambassador to Tel Aviv after the massacre by Christian militiamen at two Beirut Palestinian refugee camps during Israel's 1982 invasion of Lebanon. The envoy has not returned, and a full withdrawal by Israel is one of the conditions for him to do so.

At recent talks between Israeli and Egyptian officials, the atmosphere was reported to be better than in many years. "They were no longer talking to each other, but with each other," one diplomat said.

The consensus among Middle East analysts is that the change has been made possible by the appointment of Shimon Peres as Israeli prime minister. Mr. Peres is credited with a softer tone than that of his predecessors, Yitzhak Shamir and Menachem Begin of the hard-line Likud bloc.

They note that Egypt has been quick to benefit from the change and to do its part to improve the atmosphere.



A Gurnah trainer aircraft, made in Egypt, in flight.

Arms Exports Earn \$2 Billion Yearly for Nation

(Continued From Previous Page)
skilled manpower at one-sixth the price of the United States.

But one Western expert said: "The men at the top are as good as you will find anywhere. But it's the skilled labor at a lower level that's missing."

In one Egyptian factory that manufactures gun barrels, "the tools and kit are excellent," he added. "But there are only 3,000 workers in a factory that is supposed to have 7,000."

The problem is one that runs through Egyptian society. Once workers gain skills, they often prefer to head for Gulf countries where they are paid many times more than in Egypt, leaving a drastic shortage of manpower at home.

As the Alpha jet assembly line is phased out, the Helwan factory is to begin assembling the Brazilian Embraer EMB-312 Tucano turbo-prop trainer later this year. Almost all the 120 Tucanos on order for the Egyptian Air Force are due to be locally assembled.

Another ambitious project, first mooted by Mohammed Abdel-Halim Abu Ghazala, Egypt's dynamic defense and military production minister, is for the production of an all-Egyptian tank.

"They do have a prototype of a tank," a Cairo-based diplomat said. "But it's been made with foreign help. They do not look like having the technology to build a modern tank from scratch for a long time."

The local arms industry has, however, succeeded in making the armed forces, which number some 500,000 personnel, self-sufficient in small arms and most kinds of ammunition.

Much of the industry started simply to refurbish old arms supplied by Moscow. This is still done, but the industry went on to develop its own models of Soviet arms, such as a version of the shoulder-held Sam-7 anti-aircraft missile.

The industry has grown out of economic necessity. Some estimates put the cost of re-equipping completely with Western arms at more than \$30 billion by the end of the 1980s.

Other projects carried out by the Arab Organization's four factories have included assembly of the British Aerospace Swingfire antitank missile and of the French Aerospace SA-3421 Gazelle helicopter.

Future plans are to be involved in the assembly of the next generation of fighters, such as the French Mirage-2000 and U.S. General Dynamics F-16s that are still on order.

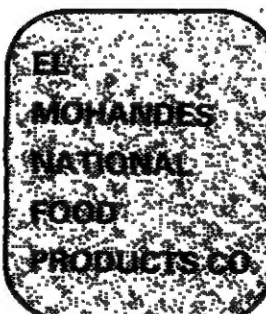
Lower down the scale, arms factories have turned their skills to civilian industry as a sideline. A small-arms factory produces Neferiti sewing machines, while a plant making mine casings has diverted resources to kitchen pots and pans.

"Egypt has the best industrial base of any country in the Middle East except Israel," said a Western European diplomat. "But it does not yet have the technology to go it alone on sophisticated projects."

"The arms industry is successful, but has a tendency to be overambitious. If it would stick to what it can really do well and build on that, it would probably do better still."

— JULIAN NUNDY

شركة المهندسين الوطنية للمنتجات الغذائية



Founded in 1980 as soft drinks franchise of Schweppes International Ltd, U.K. The company has rapidly grown to become the major producer of fruit juice concentrates in Egypt.

Our fruit processing and concentration factory at Ismailia is located in one of the major areas for the production of citrus and tropical fruit.

Our factory is not only equipped with the most modern machinery, but also uses most advanced techniques of production and quality control.

Our main products are:—

- Orange concentrate.
- Lime concentrate.
- Guava pulp.
- Strawberry pulp.
- Grape fruit concentrate.
- Apricot concentrate.
- Tomato paste.

We also produce high juice content fruit drinks packed in aseptic cartons. This line includes Mango - Guava - Strawberry and Orange drinks.

For further details please contact our export department:—
Tel: 02-606334
Tlx: 93909 MOHAN UN.
P.O. Box 8177 Nasr City, Cairo.

A SPECIAL REPORT ON EGYPT

Oil, Gas Potential Attracts Explorers Despite the Slump

By Robert Bailey

LONDON — Egypt's exploration potential continues to attract strong interest from international oil companies despite the slump in world hydrocarbon prices.

Apart from the opportunities on and offshore, the foreign interest is to some extent a reflection of the Egyptian authorities' need to sustain and develop the country's energy resources for domestic use and for export income.

Oil production was averaging 870,000 barrels a day at the end of 1984, Egypt having agreed to cut its output by 30,000 barrels a day in line with decisions of the Organization of Petroleum Exporting Countries although it is not a member of the group.

Egyptian output over 1984 had, in fact, increased 20 percent on the previous year following the coming into production of new concessions in the Gulf of Suez, including the Zait Bay field.

A dozen international oil companies signed exploration agreements in 1984 with the Egyptian General Petroleum Corp. and pledged to spend a total of \$645 million prospecting for both oil and gas in the principal production area of the Gulf of Suez as well as the Western Desert and Sinai.

In the last two years alone, some 23 exploration permits have been granted covering an area of 65,000 square kilometers (26,000 square miles). Exploration wells drilled in 1984 led to the discovery of 11 offshore wells and eight onshore fields. Biggest producing fields in the Gulf of Suez are Morgan, July, August and Ramadan, which are operated by Gulf of Suez Petroleum Co. on a production-sharing arrangement between the Amoco of the United States and Egyptian Petroleum.

Zait Bay is now producing at a rate of 65,000 barrels per day and is one of the three fields operated by Egypt's most rapidly growing producer, Suez Oil Co., which groups Egyptian Petroleum, British Petroleum, Royal Dutch Shell and West Germany's Deminor.

The declared aim of the current five-year plan is to achieve an out-

put of a million barrels a day by 1988. However, Petroleum and Mineral Resources Minister Abdel-Hadi Mohammed Kandil said last year, "It is more important for me to have oil reserves than to reach one million barrels-a-day production."

Last year, Prime Minister Kamal al-Din Hasan Ali told the People's Assembly that domestic consumption of oil was rising 15 percent a year. "This means that in seven years' time we shall consume our entire production and nothing will be left for export," he warned.

While Egypt produces just under 900,000 barrels a day of oil, exports only amount to 200,000 barrels, 20 percent of which is sold to Israel at prevailing market rates. The rest of export production goes to a wide range of international customers, with prices following market trends and being set on a monthly basis.

Local needs devour 500,000 barrels a day of national production and there seems little prospect in the immediate future of the country reversing this huge domestic consumption in favor of exports. The basic cause is the degree of subsidy expended by the government to keep energy prices down for the consumer. It is a prop that Egypt's industrial and commercial users, as much as Cairo's car drivers, have come to rely on.

The system seriously distorts the economy. According to Mr. Kandil's predecessor, Ahmed Izzeddin Hilal, subsidies on locally consumed oil products amounted to nearly \$3 billion in the 1983-1984 fiscal year, ending July 1.

For political and social reasons, the subsidy system is not going to be radically overhauled. In the longer term, the government is seeking to develop nuclear energy and bids for a first atomic power station near Alexandria are now being evaluated. A more extensive use of gas for industrial and domestic uses is also likely to be encouraged.

Late last year, Mr. Kandil said that plans were in hand to introduce incentives for foreign companies to explore and develop gas reserves, including the extension to



At work in a field in the Gulf of Suez, above, Below, construction of the Cairo Natural Gas project.



gas producers of production-sharing agreements now existing for oil. But the interest for international companies and financiers will be in terms of export potential rather than involvement in Egypt's unattractive subsidized domestic market. A drawback up to now has been a rule drawn up in 1980 prohibiting gas exports until natural-gas reserves of 340 billion cubic meters had been proven. However, in April this year the chairman of Petroleum Gases Co., Abdel-Monim Abul-Saud, was quoted in the Cairo daily Al-Ahram as saying this level had been reached and that it was now legal to produce gas for export.

Whatever incentives are eventually decided on to draw in foreign investment to exploit reserves, the provision of alternative and enhanced energy sources is going to be a lengthy and costly process. For the immediate future oil is going to remain the mainstay of energy re-

quirements. Exploration efforts are being strengthened and not just in the offshore waters of the Gulf of Suez. Egyptian Petroleum puts total recoverable Western Desert reserves at 190 million barrels and believes more exploration will improve this position considerably. In 1984, France's Total-Moyen-Orient agreed on a \$49-million schedule over a seven-and-a-half-year period in northern Sinai.

With the promise of substantial recoverable oil reserves, there is a reasonable chance that the oil will last long enough for nuclear-energy and gas-recovery programs to take shape. But steadily increasing costs of enhanced oil-extraction methods, which will be needed as existing fields run down and as world prices and politics change in the region, will be crucial in determining whether the present enthusiastic interest of international companies in prospecting for Egyptian oil can be sustained.

GRASPING NEW HORIZONS

WHEREVER
BUILDING SIGHTS
ARE EMERGING
WE ARE THERE

- FACTORIES
- HOSPITALS
- PUMPING STATIONS
- OIL INSTALLATIONS
- PUBLIC BUILDINGS

- HIGHWAYS
- BRIDGES
- PIPELINES

Nasr General Contracting Co Hassan Mohammed Allam

7 Abd El Khalek Tharwat St., Cairo
Tel: 758214/758235/758316/755621/758327/758122

Hassan Allam St., Samoha-Alexandria
Tel: 71195/71335/801474

Telex: 92292 COLAM — Cables: CONTRALLAM

The 'Blooming Desert' Remains in Dream Phase

(Continued From Page 9)

glaring gaps in desert research. Trials are being carried out for various high-value crops including sweet corn and tomatoes, which are being grown using drip irrigation and low plastic tunnels. Field crops such as alfalfa and lupins, under sprinkler irrigation, are being compared for their abilities to build up soil structure. And a livestock breeding program is under way. Citrus varieties are being compared and eucalyptus trees are being planted for windbreaks and fuelwood.

"We're learning just what we can and can't do in the desert," Mr. Bower said. He stressed that "given half a chance, small farmers could succeed here."

The government is trying to speed up desert reclamation. Earlier this year, at the instigation of the agriculture minister, Youssef Waly, land prices were slashed. The main proviso is that the land must be cultivated within three years.

At the same time it is encouraging desert reclamation, the government is attempting to boost production from "old lands," namely, the ribbon of agricultural land on the banks of the Nile and in the Delta. According to unofficial estimates by foreign agriculturalists, productivity in the old lands could be increased by up to 50 percent if there were no competition from desert reclamation projects for investment funds.

The Nawayah improved farming project in El Menya, funded by the United Nations Development Program, shows how in-

creased mechanization, better timing of irrigation and planting of improved crop varieties can increase yields dramatically. Nawayah farmers are among the most transitional in the country and like the majority of Egypt's farmers, own less than one acre of land. However, following machinery demonstrations on several of their farms, they are enthusiastically adopting mechanization not simply for tilling — which is already the norm in Egypt — but for planting, weeding, ditching, spraying, threshing and so on. Moreover, after three years of the project's operation, they are paying unsubsidized rates for hiring project equipment.

Mechanization is being given a national push in the old lands. The Ministry of Agriculture plans to set up 150 self-supporting mechanization centers that will introduce farmers to new technologies and hire out machinery. As such, the Nawayah project will provide useful lessons since this is the only community level project for mechanization in Egypt. Twenty-seven centers have been set up so far at the main center at Sakha, in Kafr el-Sheikh, and comparative field trials on foreign equipment are under way to find the best models for different crops and field sizes.

Tractors and chisel ploughs are already used by three-quarters of Egyptian farmers and, according to Mr. Waly, "very soon our traditional wooden ploughs will only be used for decoration in restaurants."

Water is central to agricultural policy, particularly now that the

African drought is impinging on Egypt's resources. According to the Ministry of Irrigation, oftakes from Lake Nasser have been cut by 10 percent since April and an inter-ministerial committee is drawing up plans for water and power rationing. If rationing is introduced, farmers would be affected the worst since agriculture takes nearly 90 percent of supplies.

Water-conservation projects are being pushed ahead. Biggest returns are expected from reusing drainage water from agricultural land. For example, El Salam Canal is being built from the Damietta branch of the Nile to the Suez Canal, and a half of its water will come from two main drains. This drainage flow is mixed with fresh water so that salinity levels are kept in check.

So far the canal is over 80 kilometers (49.5 miles) long and should reach the Suez Canal in 1987. Future plans include taking El Salam waters under the Suez Canal by siphon for proposed irrigation projects in Sinai — proposals of dubious economic merit, according to outside agriculturalists.

In addition, treated sewage from Cairo will be used for irrigation when the Cairo wastewater project is completed.

However, improving water distribution in the country's irrigation network would go a long way toward improving water-use and farm efficiency. Of critical importance, therefore, is the U.S. Agency for International Development's financing the telemetry project to

monitor water levels throughout the entire canal system. Bids are being evaluated for 235 solar-powered monitoring stations that will send instantaneous data by radio links to two main computer centers in Cairo and Aswan.

Using a new mathematical model for the country's water network, irrigation staff will issue instructions to canal operators on which canal gates should be opened and for how long — a far speedier procedure than used at present. Field staff measure water levels from gauges, telephone the data to Cairo and await instructions.

Nevertheless, Mr. Waly is adamant that increasing farm production to meet demands of a fast-growing population will depend on the individual efforts of Egypt's 3.5 million farmers. It is significant that since 1980, Egypt's agricultural research stations have been directed into demonstration and extension work rather than pure research.

Egypt's farmers, though, face a dilemma. Many may wish to adopt 20th-century technology — whether that be modern drip-irrigation systems or tractors and threshers — but they have limited opportunities to get credit. Village banks are the usual route, but as one Nawayah farmer said, "I don't like the bank because it takes a year to get a loan approved." And according to one United Nations official, "The difficulty in getting loans is the biggest constraint on the ownership of machinery in this country."



البنك العربي الدولي

ARAB INTERNATIONAL BANK

PAID UP CAPITAL US \$150,000,000
RESERVES US \$84,000,000

Head Office: 35 Abdel Khalek Sarwat, Cairo, Egypt.
Branches: Cairo, Alexandria, Port Said & Bahrain.

Five Years Banking

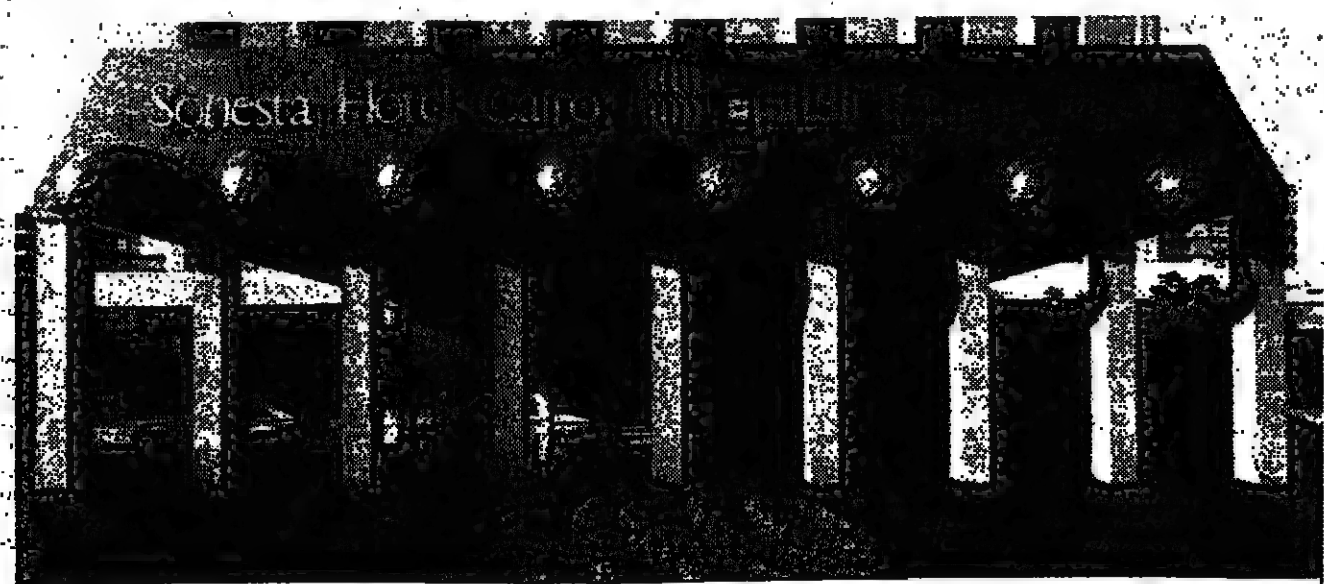
(In millions of US dollars)

Year Ended	30/6/80	30/6/81	30/6/82	30/6/83	30/6/84
Deposits	1,085	1,277	1,609	1,967	2,135
Loans and advances	292	417	390	543	680
Net profits (before provisions)	31	26	33	24	22
Dividends distributed (percentages)	15	15	15	15	13
Total balance sheet	1,353	1,559	1,918	2,273	2,433
Documentary credits, guarantees etc.	222	240	404	367	354

Arab International Bank was established by an international treaty in 1974.

By virtue of the treaty the Bank enjoys certain privileges in the territories of the member states including:

- Exemption from laws regulation banks, exchange control and auditing requirements.
- Immunity from all forms of nationalization and seizure of shares in and deposits with the Bank.
- Exemption from taxation and any obligations for the payment, withholding or collection of any tax or duty which may be imposed on its customers.
- Confidentiality of customers' accounts with the Bank which are not subject to judicial or administrative distraining orders and
- Exemption from tax of any kind on any obligation or security issued by the Bank including any dividend or interest.



A small luxury hotel with service fit for the pharaohs.

The five-star Sonesta is convenient to Cairo, the airport, ancient Egypt's most familiar landmarks and offers the ultimate in personal service from a small luxury hotel. Featuring 220 air-conditioned guest rooms and suites, seven restaurants and lounges, swimming pool, outstanding meeting space and complete business center. Plus complimentary limousine service to and from the airport and assistance with visa and passport control.

*Upon advance request.

Member of Golden Tulip Hotels

For reservations call Sonesta Instant Reservations in:
Amsterdam (020) 25-65-42 Paris (06) 079-1717
Frankfurt (069) 284-388 Zurich (01) 302-08-57
London (01) 625-3451

Sonesta Hotel Cairo
4 El Tayran Street, Nasr City, Cairo, Egypt
Phone: 609-444 or 604-811 Telex: (927) 21918

Sonesta means personal service in Boston (Capebridge), Key West (Miami) and Orlando (Florida), New Orleans, Portland (Maine), Amsterdam, Bermuda, Egypt, Israel.

A SPECIAL REPORT ON EGYPT

Acute Shortages of Foreign Currency Demonstrate Weaknesses of the Economy

CAIRO — Acute foreign-exchange shortages have become the Egyptian economy's chronic illness. In the absence of concerted efforts to control the problem and prevent further weakening of the Egyptian pound, the once occasional squeezes are becoming more frequent.

The most visible sign of the ill-

ness is that the Egyptian pound has lost more than 20 percent of its market value against the U.S. dollar in one year, with the free, or black-market, rate recently reaching a high of 1.5 pounds to the dollar.

The immediate reason behind the deterioration in the pound's condition was the government's sudden relaxation of import curbs,

opening the way to a backlog of import requests that had accumulated over the first quarter of this year. The dollar has had its strong position in the Egyptian market enhanced by a wide balance-of-trade gap. Moreover, it is the currency in which more than three-quarters of foreign-currency transactions in Egypt are carried

out. Central bank statistics show that the banking sector's net foreign assets have dropped and that the increase in foreign-currency deposits, mainly dollars, has slowed down.

The most important long-term influence on the foreign-exchange situation is the heavy balance-of-payments dependence on spillovers from oil and oil-related resources, which has become a structural feature of the Egyptian economy during the last decade. Egypt's biggest source of foreign-exchange transfers is remittances from an estimated 2.5 million Egyptian expatriates working in the Gulf's oil-exporting countries. The second largest source is oil exports, followed by Suez Canal tolls and tourism.

As a result of the economic difficulties in the Gulf because of the slump in the world oil market, remittances are forecast to drop by more than a quarter of last year's level to \$3.143 billion at the end of the current fiscal year, according to a Ministry of Planning report. Suez Canal revenue dropped slightly last year to \$960 million; attacks on oil tankers in the Gulf substantially reduced tanker traffic and a series of mine explosions last summer temporarily upset navigation.

Despite a slight increase in the number of tourists, more than half of whom are Arabs, revenue from tourism has stabilized at close to \$600 million annually over the last three years.

The growing balance-of-trade deficit is another factor determining supply and demand in the foreign-exchange market. Egypt's imports, which exceeded \$9 billion

last year and are drawing close to the \$10-billion mark this year, are about twice as large as exports, leaving a deficit of about \$5 billion for the present year. Egypt's income from oil exports has stabilized over the last two years at around \$2.4 billion and Egyptian commodity exports, led by cotton, have slightly dropped below last year's levels.

Adding to the drain on diminishing foreign-exchange transfers is the foreign-debt service. International organizations such as the World Bank and the International Monetary Fund put the total debt

system has been a bone of contention in talks with the World Bank and the IMF. Both international donors have been pressing Egyptian officials to adopt a unified floating rate for the pound and to take measures to streamline government spending and slash subsidies. The government has been resisting these calls, arguing that a unified rate, reflecting supply and demand in the market, can only be implemented when the market is balanced.

But Egypt has taken steps in the direction of rectifying its economy in line with the IMF conditions.

by oil, cotton and rice exports and Suez Canal tolls, all of which are directly controlled by the government.

A rate introduced four years ago to prevent the growth of a black market was \$4 piasters to the dollar, which remains applicable to airline companies, embassies and branches of foreign companies operating in Egypt. Another rate set at 1.33 pounds to the dollar is basically the previous rate to which a premium was added to encourage transfers through the banking system. The highest rate is that offered by unauthorized dealers to attract expatriate remittances for financing imports through free foreign-currency accounts. Representing two-thirds of the foreign-exchange supply, this rate has lately shot up to 1.50 pounds to the dollar.

The partially floating rate was first introduced last January as part of a package involving the rationalization of imports through controlling the issuance of letters of credit, forbidding the use of free bank accounts to fund imports, in order to curb black market activities, and making the down payments and eventual repayments for letters of credit in Egyptian pounds in an effort to channel foreign-exchange operations through the banking system.

The process started by the outgoing minister of the economy, Mustafa el-Said, was brought to a halt by his successor, when foreign-exchange inflows fell sharply, preventing banks from fulfilling clients' requests for trade financing, while shortages in supplies of imported goods, parts and raw mate-

rials started affecting the economy. Egyptian officials realize the advantages of unifying the exchange rates and they seem to be considering different ways of reaching that end, but none of them would set a deadline for making the move. The new minister of the economy, Sultan Abu Ali, has publicly said he was considering licensing dealers.

But the new governor of the central bank, Ali Negm, said that the banking sector should be encouraged to play that role and that it represented a more viable channel for transfers. He said he was hoping the gap between the new rate and the black-market rate could be narrowed and that the central bank was helping reduce reliance on fluctuating foreign currency inflows by building up its reserve, which averaged \$780 million during the second half of last year.

Samuel Zavatt, Bank of America's vice president and regional manager, pointed out ways in which branches of foreign banks operating in Egypt could help increase the inflow of foreign exchange through official channels if they were permitted to deal in Egyptian pounds also. He said they could help organize the interbank market once the currency is floated by providing short-term facilities to enable the central bank to intervene whenever that is needed and to introduce swap facilities. These would make available large amounts of foreign exchange and receive the equivalent in Egyptian pounds to overcome the frequent shortages and fluctuations in the market.

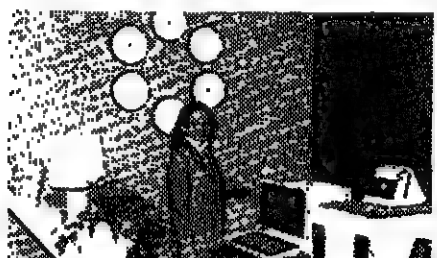
—OLFAT TOHAMY



ON BUSINESS IN EGYPT...

COME TO SHERATON.

Come ten minutes from the airport to the centre of government or administration, of exhibitions. Come to a superb new business centre, with word-processor and 24-hour telex. Come to Cairo's oasis of relaxation — to poolside cabanas and bars and a dazzling array of fine foods from many lands. Come to the Heliopolis Sheraton, where Egyptian hospitality comes alive.



Heliopolis Sheraton

Sheraton Hotels, Inns & Resorts Worldwide
The hospitality people of **ITT**

For reservations and information, call
Cairo 665500, telex 93300, or your nearest
Sheraton Hotel or Reservations Office

Banking Results Reflect the Economic Downturn

CAIRO — Egypt's banking sector has emerged from a difficult year, with the economy's downturn reflected on balance sheets.

Last year was marked by an acceleration in the decline of net profits and near stagnation of the banking sector's assets. The four public-sector banks, Bank Misr, the National Bank of Egypt, Banque du Caire and the Bank of Alexandria, which account for two-thirds of commercial banks' assets and provide four-fifths of the loans extended by these banks, have not been immune to the negative trend. Their profit margins narrowed and their net profits fell last year. But being more solidly based, they have suffered less than their joint ventures with major foreign partners.

The smaller, privately owned

banks seem to have suffered more than the others, while the 21 branches of foreign banks, operating as offshore units dealing only in foreign currencies, struggled last year to prevent their share of the market from shrinking.

Although they are hardened with the weight of government and public-sector borrowing, often implying preferential terms and sometimes involving overdraws, the four public-sector giants have more room to maneuver than the others. Their long expertise and large funding base permit them to do investment banking, including their direct participation in projects. They also have the capacity, with hundreds of branches spread all over the country, to diversify into new areas such as Islamic banking.

Bank Misr, the oldest and largest of the four, has introduced services in line with the rules of Islamic sharia, which prohibits fixed interest.

Others, including private-sector banks, have done the same or opened Islamic branches to benefit from this increasingly popular service. Some of the smaller banks have raised their capital to strengthen their position.

"The climate is unhealthy," an analyst said. Some bankers reluctantly admit that the imprudence and fierce competition that marked the boom period, which ended three years ago, are only beginning to make their impact felt, with a few big names defaulting on debts amounting to hundreds of millions of Egyptian pounds. Small as well as big banks are embroiled in court cases to settle accounts.

Specialists believe that bank practices should be controlled more strictly. The latest monthly consolidated balance sheet for commercial banks operating in Egypt prepared by the central bank

shows that about half their loans were extended without guarantees.

Opinion is divided in the banking community as to whether the time has come for relaxing controls imposed three years ago to limit credit growth. The ceiling on the total amount of credit was set at 65 percent of deposits, and lending to a single client at 25 percent of deposits.

These regulations have, in part, led to activating the local interbank market and to the encouragement of syndications.

The regulations pose difficulties in the case of major syndications, such as one lead-managed by the National Bank of Egypt, the second largest public-sector bank, amounting to \$240 million.

This was the first such loan to be arranged locally to contribute to

setting up an iron and steel plant near Alexandria.

It is also widely believed that the new economic conditions require a review of the interest-rate scale, which is 11 to 13 percent for industrial and agricultural projects, between 13 and 15 percent for the services sector and above 16 percent for commercial ventures.

The central bank's role and the law outlining its activities have become the focus of public attention since the recent resignation of the minister of the economy, Mustafa el-Said, who had amended the law last year.

Although its introduction of gradual sanctions applicable to banks that break regulations was considered an enhancement of the central bank's role, the amendment gave the minister wide powers, in-

cluding the right to dismiss board members of banks. With the outgoing minister's policies discredited, reverting to the original law seems imminent. Many bankers agree with Misr-Iran Development Bank's chairman and managing director, Fouad Sultan, on the importance of coordination between the central bank and the banking community to set the goals of an effective monetary policy and to agree on ways of implementing it.

Responding to widespread calls for updating monetary and credit policies, the new central bank governor, Ali Negm, said, "It is time for the credit policy and interest-rate structure to be reviewed." He said a study involving the implications for economic development is being made.

—OLFAT TOHAMY

البنك العربي الإفريقي الدولي
arab african international bank

20 YEARS OF PROGRESS

20 YEARS OF PROGRESS
البنك العربي الإفريقي الدولي
arab african international bank

HEAD OFFICE
ARAB AFRICAN INTERNATIONAL BANK - Cairo

SUBSIDIARY BANKS
AL BAHRAIN ARAB AFRICAN BANK E.C. - Manama
EGYPT ARAB AFRICAN BANK - Cairo

BRANCHES IN
New York - U.S.A.
London - U.K.
Bahamas
Beirut - Lebanon
Dubai - U.A.E.
Abu Dhabi - U.A.E.
Cairo - Egypt
Alexandria - Egypt

PRINCIPAL ASSOCIATES
U.B.A.F. - France
U.B.A.C. - Netherlands
UBAF ARAB AMERICAN BANK U.S.A.
UBAF INT'L LTD. - Hong Kong
MAURITANIA ARAB AFRICAN BANK
THE HOUSING BANK - Jordan
INDUSTRIAL DEV. BANK - Jordan
ARAB MULTINATIONAL FINANCE - Luxembourg

Economy Enters Period of Change

(Continued From Page 9)

public sector's production, with three-fifths of public investments during the first three years of the plan spent on finishing projects started earlier and one-third aimed at maintenance and renovation. Public-sector industries, which account for over two-thirds of industrial production, have also undergone streamlining of their operations, helped by rises in previously fixed prices of its output. This has largely improved the quality of products and put an end to a long record of losses by most companies.

Coupling import substitution with boosting exports may prove more difficult than policy-makers seem to think. Having been isolated from foreign markets until a decade ago, Egyptian exports, which are expected to increase by 9 percent annually in the development plan, may be unable to compete with better quality and cheaper counterparts in world markets, which are witnessing a wave of protectionist measures.

A number of government-sponsored steps to develop export capacity have been taken during the last few months, including an aggressive marketing campaign in several Arab and African countries, and the setting up of the Export Development Bank of Egypt. But private-sector entrepreneurs complain that red tape and the lack of special incentives such as soft loans reduce the competitive edge of Egyptian exports.

Hazem Beblawi, the chairman and managing director of the new bank, which was opened three months ago, admits that it has so far not been able to provide its public or private-sector clients with trade-financing facilities on special terms because of the government's apparent reluctance to extend a long-term loan to it. A requested World Bank credit line remains frozen because of differences over the exchange rate.

Through the remaining two years of the plan, and until a decisive shift toward commodity production is achieved, oil will remain the fastest-growing sector of the economy. With the bulk of remittances from Egyptian expatriates transferred through unofficial channels, and with transfers falling lately to the estimated 2.5 million Egyptian workers in Gulf countries, oil exports will remain the country's top foreign-exchange earner.

They will be the main pillar of balance-of-payments support, despite a projected growth of almost 9 percent in other exports.

Infrastructure services, particularly power generation, is the second-largest expanding sector, followed by industry, which is expected to become the biggest sector by the conclusion of the plan, accounting for a quarter of gross domestic product by 1987.

The government is going ahead with structural reforms in line with the development plan's approach. With large investments made to expand the power-generation capacity, and with the government seeking to orient investments toward other sectors, electricity charges have almost doubled.

Although energy in its various forms remains heavily subsidized, partly due to the cumulative effect of price freezes, the price increase marked an important change in the government's attitude. Similar steps were taken on politically more sensitive direct subsidies such as bread, the price of which was doubled by the introduction of a new loaf and the phasing out of the cheaper version.

Other steps seem to indicate movement toward the selective subsidization of end products rather than production inputs, but the change seems to be too slow to convince international aid donors, headed by the International Monetary Fund.

The new draft budget presented to parliament includes for the first time a freeze on direct subsidies, amounting to about 2 billion Egyptian pounds (\$3 billion). The figure excludes indirect subsidies on energy, trimmed by the recent price increases.

Another politically significant indicator in the new budget is the government's continuing commitment to create employment opportunities for close to half a million people annually, with the demand on jobs expected to rise due to the return of expatriate workers from the Gulf.

MOHANDES INSURANCE COMPANY
EGYPTIAN JOINT STOCK CO.

HEAD OFFICE:

36 Batal Ahmed Abdel Aziz
Mohandeseen Giza - Egypt
P.O. Box: 363 DOKKI - GIZA
Ins. Reg. No. 6

Cables: TAMINMONDS Telex: 93542 MOHAD
Tel: 701774-701074-700816

ALL CLASSES OF INSURANCE

With special attention
to
Engineering Insurance

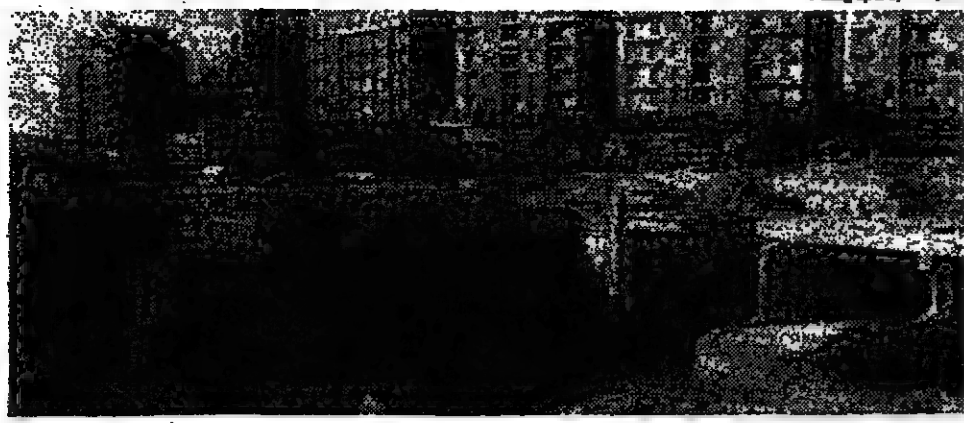
"THE INSURANCE COMPANY OF THE FUTURE"

A SPECIAL REPORT ON EGYPT



A Crowded Capital

Cairo workers crowded on a truck bed, above left, and a Cairo traffic policeman at work, above right. Meanwhile, construction continues on the capital's underground transit system.



U.S. Aid Now Focused on Development

CAIRO — Ten years after it started as an American contribution to help repay damage incurred over 30 years of war with Israel, U.S. aid for Egypt has grown into a wide-ranging program with an increasingly direct and tangible impact on Egypt's future economic development.

The program, which has so far allocated more than \$10 billion in loans and grants to Egypt, has recently reached a turning point. The Egyptian economy's slower rate of growth and the difficulty of adjusting to the change are bringing about a new attitude toward economic development, which seems to be in line with the U.S. Agency for International Development's revised approach toward its worldwide activities, and specifically its role in Egypt.

An outcome of the agency's assessment of its performance over several years was a decision to regularly monitor and review the strategy of specific programs implemented in different countries. It was also decided that the scope of authority of the head of the mission in Egypt, which is the largest in the world, would be widened. This was done with the appointment to Cairo last November of Frank Kimball, who was the aid agency's counselor, its most senior career position.

One of the significant reflections of the change is that starting from the 1985 fiscal year, the total amount of assistance provided for Egypt has reached \$1.04 billion, including \$815 million in project financing and \$225 million under the Food for Peace program, provided in kind. Another important turnaround this year is that the funding component of the program has for the first time become a grant, meeting a long-standing Egyptian request for parity with Israel, which has been receiving lavish U.S. aid grants for several years.

Moreover, the U.S. Congress recently approved a \$300-million cash transfer to Egypt for the fiscal year starting next October. Israel has been receiving its grant in the form of a cash transfer.

"There is an opportunity... You cannot project us being here forever," Mr. Kimball said, pointing out that Egypt is getting \$1 out of every \$1,000 in the U.S. budget. "The real challenge is to get a return on that," he said. The minister of planning and international cooperation, Kamal el-Ganzouri, agreed. He said that since he has become the top Egyptian official directly supervising the program, "we have begun to use the funds more rationally."

Mr. Ganzouri believes that projects financed by the aid agency should become integrated into Egypt's five-year development plan. He complained that the program represented U.S. interests by 70 percent and Egyptian interests by only 30 percent. "I am trying to have it represent both national interests," he said.

U.S. assistance for Egypt began shortly after the resumption of diplomatic relations between the two countries coincided with U.S.-sponsored efforts to lay the groundwork for peace between Egypt and Israel and took a major boost after the conclusion of the Camp David agreements in 1978.

Following the first agreement, an allocation of \$250 million was made by the United States to help with a few projects in the Suez Canal area, where the three main cities were almost razed to the ground during Egypt's last war with Israel in 1973. Also included in this package was a contribution to the removal of war debris that blocked the canal during the war and prevented navigation. Since then, it has broadened its scope and increased the number of projects it got involved in, bringing the total number of projects totally or partly financed by the aid agency this year to more than 80.

This program provides concessional funding facilities for the government and the public sector to enable them to buy U.S. consumer goods, raw materials and capital equipment.

Implicitly criticizing the multitude of projects sponsored by the U.S. aid agency, Mr. Kimball said, "We will try to compress our activities over the next two years." He pointed out that this would not entail a reduction of total funding for projects. Singling out two projects, which have been criticized in the press as wasteful, he also said that the mission will in the future carry out more thorough studies of projects it participates in, even if it is only supplying equipment.

Mr. Kimball seemed to disagree with his predecessor on ways of dealing with, or preventing, occasional criticism in the press of the agency's activities. He rejected the idea of raising the agency's profile, or what he described as "building monuments." He said that the subject had come up with his Egyptian counterparts and that they had "expressed their understanding" for the need to broaden the state-run media's coverage of the agency's efforts.

Citing the example of the U.S. supply of a dozen new turbines for the Aswan High Dam, the largest standing symbol of Soviet-Egyptian friendship at its zenith in the 1960s, he said he was satisfied that thousands of Egyptians saw the turbines sail up the Nile until they reached Egypt's southernmost city.

Egyptian and U.S. officials have expressed their relief that an increasingly large part of frozen funds, which were authorized for specific projects but not spent because of implementation problems or red tape, are being released. They recognize the importance of enhancing coordination and follow-up on policy matters.

"To have the biggest impact, we

The Trend in U.S. Aid

(in millions of dollars)

1975	1976	1977	1978
261	794	699	750
1979	1980	1981	1982
835	865	829	771

1983	1984	1985
750	750	815

Source: U.S. Embassy Economic Trends Report

should understand and the government should be willing to keep us informed about what their macro-management is, how they are doing it, and to have us confident that they are managing the economy as well as possible," Mr. Kimball said.

Having made substantial contributions to upgrading infrastructure services in Egypt's major cities, Mr. Kimball thinks the program should now focus on other areas.

"I am not all that excited about financing public works," he said. He viewed future priorities as the improvement of health services, education and training, and the enhancement of government decentralization through supporting local government entities.

Mr. Ganzouri believes that in addition to agriculture, industry should be emphasized, as well as energy and construction, while research, training and services could be carried out by the Egyptian government. Mr. Kimball strongly favored backing the private sector to help the economy get over its pre-

sent problems through creating new employment opportunities and raising productivity to increase exports.

"It seems to me that this whole business of broadening the scope of the private sector's role in Egypt is the thing that is really going to pay off — if it can come about," he said.

Funds allocated for the private sector's assistance have not exceeded 2 percent of the total over the last 10 years. They were concentrated in the form of short-term financing facilities for importers of U.S.-manufactured goods, occasionally stumbling into problems that have prevented the expenditure of some of these funds. A group of entrepreneurs has been trying through a committee formed by the U.S.-Egypt Chamber of Commerce to increase the amount of the facilities, as well as expand the private sector's input into the implementation of the agency's projects.

The chamber's vice president, Shafik Gahr, who headed the committee last year, has even more ambitious aims. "The private sector should play a role in designing and implementing the program," he said. Mr. Gahr, who is managing director of Arioc Suez Trading Co., said he was rallying support from other organized private-sector groups to create a nonprofit organization with support from the agency to provide consultancy and other services and information to a wider section of the Egyptian public sector.

—OLFAT TOHAMY

CONTRIBUTORS

ROBERT BAILEY is the special reports editor of the London-based Middle East Economic Digest.

ANNE CHARNOCK, a journalist based in Britain, specializes in technology and development.

BILL LYONS is a freelance photographer based in Amman.

JULIAN NUNDY is on the editorial staff of the International Herald Tribune. Previously, he covered the Middle East for Newsweek magazine.

OLFAT TOHAMY is an Egyptian journalist based in Cairo who writes about Middle Eastern affairs.



البنك المصري الخليجي
EGB EGYPTIAN GULF BANK

Authorized & Fully Subscribed Capital US\$ 20 million
Paid up capital US\$ 15 million

EGB is a joint venture institution with the object of promoting growth and development in Egypt by:

- ★ Providing short and medium term credit facilities to finance development projects — industrial, agricultural, touristic and services in Egypt.
- ★ Providing convenient means to enhance and finance local and international trade transactions.
- ★ Managing funds on behalf of clients.
- ★ The Bank, in rendering its services to its clients, follows the most up-to-date technology in banking.
- ★ Correspondents all over the world.

Addresses: Head Office and Main Branch — Cairo Center Bldg., 2 Abdel-Kader Hamza St., Garden City, Cairo, Egypt. (P.O. Box 50 Maglis Al-Shaab). Tel: 542390 — 547019 — 552124 Telex: 93545 UN 23466 UN 23084 UN

Azhar Islamic Branch — 24 A Belbars St., Hanzawi — Cairo. (P.O. Box Al-Ghourah). Telex: 21297 UN.
Heliopolis Branch — 15 Al-Khalifa Al-Masroum St., Heliopolis — Cairo. (P.O. Box 5042 Heliopolis West). Tel: 678914 — 678924 Telex: 21968 EGB UN

Branch under establishment: Alexandria Br. in Alexandria, C. Reg. No. 215969



بنك قناة السويس
SUEZ CANAL BANK

Assumes all aspects of banking activities in Egyptian and Foreign currencies.

STARTED

Commercial Activities

Accepts deposits & opens current accounts, letters of credit and issues letters of guarantee ... etc.

Investment Activities

— Finances and participates in development projects in various sectors.

— Renders technical & economic services for investment projects.

Main Branch located at:

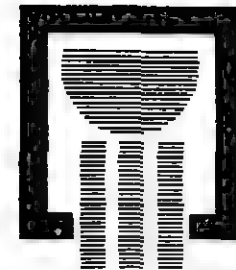
11, Mohamed Sabry Abou Alam Str.
Cairo — P.O. Box 2620
Telex 391 SCB UN — 93832 SCB UN
— 21716 SCB UN
Tel: 751033/751066
Telex: 93852 SCB UN

Branches:

Cairo — Alexandria — Port Said —
Suez — Ismailia — Giza — Maadi —
Heliopolis — Tanta & Dokki
(for Islamic Dealing)



البنك الأهلي المصري
NATIONAL BANK OF EGYPT



THE SYNONYM OF BUSINESS IN EGYPT

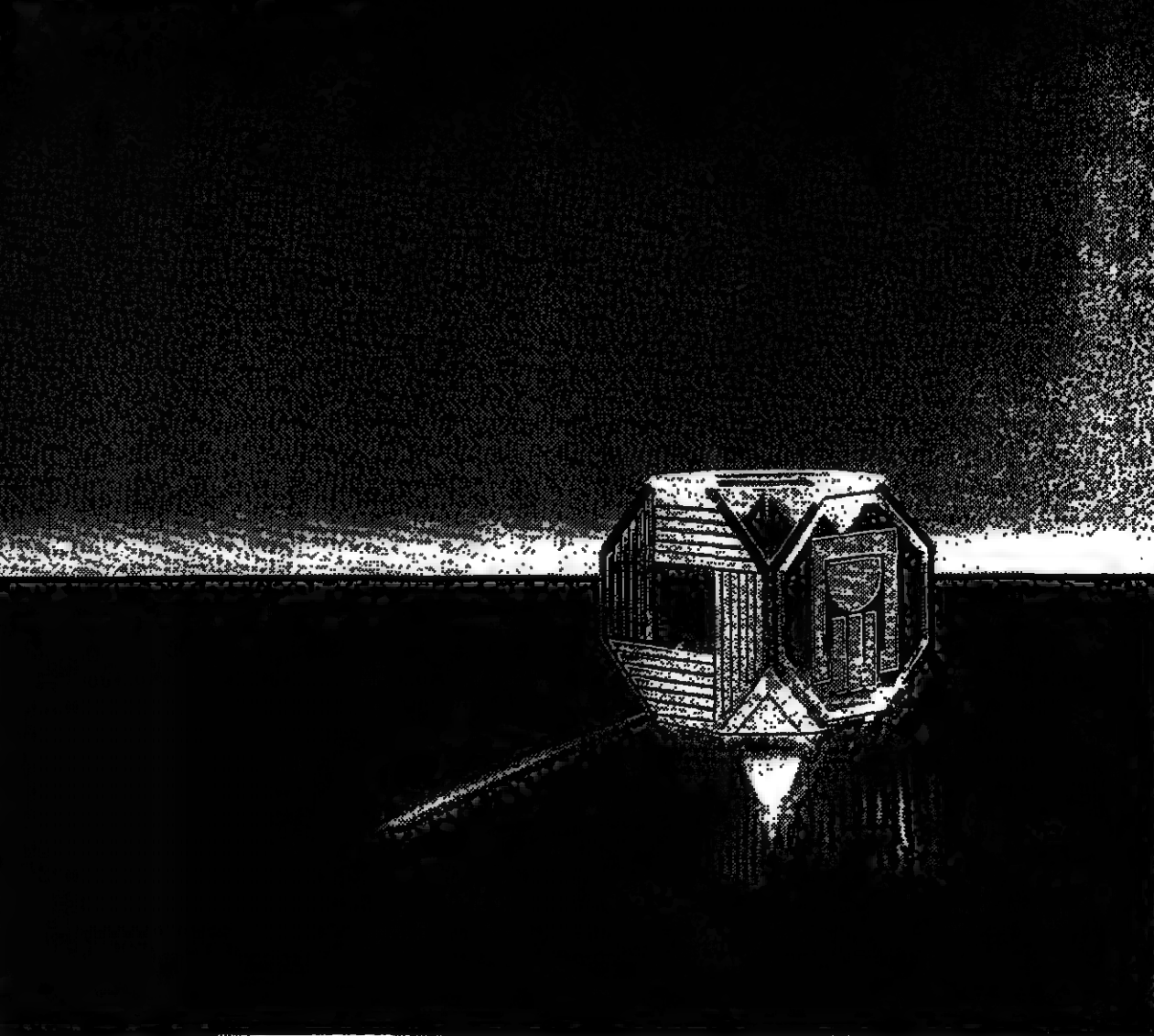
A key bank in a key region with over 200 branches in Egypt and an extensive correspondent network throughout the world providing a full range of high quality banking services. We read the pulse of Egyptian business so accurately.

If you feel our expertise could be of benefit to you, contact us. You will be opening the door to a better way of banking.

Address: 24 Sherif Street, Cairo.
Telephone: 744022 — 744175
Telex: 92238 NBE UN
92832 NBE UN

London Branch
2 Honey Lane (Off Cheapside),
London EC2V 8BT
Tel: 726 4230 — 726 4237
726 4238 — 726 4239
Telex: 894735 — 894736

Synergism



Established in 1975, The Chase National Bank combines the National Bank of Egypt's local experience together with the strength of Chase Manhattan Bank's global branch network.

Innovative, service oriented and responsive, we are active in all market segments and deal in Egyptian Pounds and most major foreign currencies.

Our services include:
• Short and medium term financing
• Loan syndications
• Investment advisory services
• Equity investments
• Correspondent banking
• Letters of credit and guarantee
• Bid and performance bonds
• Current, savings and time deposit accounts

The Chase National Bank — committed to service.

	1983	1984
LOANS	375.8	427.8
TOTAL ASSETS	787.5	878.5
CUSTOMER DEPOSITS	583.3	626.1
TOTAL DEPOSITS	641.4	680.2
NET WORTH	67.5	84.4
NET PROFIT BEFORE TAXES	32.5	36.4
PROVISION FOR TAXES	13.8	15.8
NET PROFIT AFTER TAXES	18.7	20.6

FIGURES ROUNDED TO US\$ MILLIONS
The Chase National Bank (Egypt) S.A.E.

Over-the-Counter

NASDAQ National Market Prices

June 14

Stocks in 1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

1985 High Low SPAN Close

Net

Northrop's Hopes for F-20

Are Starting to Gather Speed

(Continued from Page 7)

thorp: Strong lobbying by the Air

National Guard for the F-20: the

rise of the so-called military reform

movement in Congress, and the

success of John F. Lehman Jr., the

navy secretary, in getting General

Dynamics to reduce the price of F-

16's used in Navy war games sim-

ply by considering the F-20 as a

competing candidate.

"To meet the Air Force's goal of

40 tactical fighter wings by 1991,

we cannot afford to fill it with F-

16s," Mr. Courter said, echoing the

committee's conclusion that "bud-

getary constraints dictate adjust-

ments in the long-range procure-

ment strategy."

In its recommendations to the

House on the fiscal year 1986 mil-

itary budget, the committee di-

rected the Air Force to consider

"changing the force mix," meaning

perhaps fewer F-16s and some F-

20s, at lower prices.

The Guard's stepped-up lobby-

ing, Mr. Courter explained, was

based on the feeling that "they

shouldn't get hand-me-downs

from the active Air Force, espe-

cially with plans for the future call-

ing for closer integration between ac-

tive and reserve units."

Normally, the Guard obtains

used warplanes from the Air Force

or a few new ones through annual

congressional appropriations.

"The National Guard pushed

hard for the F-20," a House aide

said. "They felt they could buy and

operate the F-20 for less than they

could continue operating their old

F-4s."

"Far and away, the Air National

Guard was a critical element" in

setting up the competition, a Sen-

ate staff member agreed.

Meanwhile, the Air Force was

also turning toward the F-20, as

evidenced by speeches and con-

gressional testimony by the air

force secretary, Verne Orr.

Mr. Lehman's success in reduc-

ing the price the Navy paid for the

F-16 was said to be one factor. "Or-

fell burned by Lehman's 'agress-

or' competition," the House staff

member said. When the Navy Sec-

retary got General Dynamics to sell

him F-16's for \$11 million, the Air

Force was still buying comparable

versions for \$16 million.

Although there is little doubt

that the Air National Guard would

like to own F-20s based on the

plane's technical merits, sources in

Congress say the Air Force sees it

more as a convenient device to

drive down the cost of the F-16.

There is also, these sources say,

a great deal of uneasiness in the

Air Force about continuing a mono-

gamous relationship with General

Dynamics.

"What generates this is not Nor-

throp pulling strings, but uneas-

iness with General Dynamics," said

a House source.

Guinness Bids

For Distiller

(Continued from Page 7)

but said: "Even in declining mar-

kets, there are growth sectors."

Guinness officials said they

could use Bell's small glass-con-

tainers manufacturing unit. But

they suggested that they might sell

Bell's four hotels in Scotland and

London. Analysts estimated that

the hotels would fetch \$50 million

to \$80 million.

An analyst at Grieson, Grant

& Co. said the bid was "rather

puzzling" because both the beer

and whisky markets have "gone ex-

cessive."

But Colin Humphreys of Scrim-

geour Vickers & Co. said Guinness'

marketing arguments were

"very plausible." He added that

Bell, as one of the most profitable

Scottish distillers, would bolster

Guinness financially by providing

"a big slice of U.K. earnings."

But analysts said the offer could

well be subject to a review by the

government. The Scots are highly

sensitive about takeover raids by

outsiders, especially in such a tra-

ditional Scottish business as whisky.

Business Failures

Show Monthly

Increase in Japan

Review

TOKYO — Japanese corporate

bankruptcies rose to 1,753 in May

from 1,611 in April, but were down

from 1,965 in May, 1984, the To-

kyo Commerce & Industry Re-

search Co. said Friday.

Debits in May rose to 283.62

billion yen (\$1.13 billion) from 281.84

billion yen in April and 269.53

billion a year earlier.

The rise in bankruptcies is due to

slower U.S. economic growth,

which is likely to lead to fewer

exports, and a slowdown in dom-

estic consumption and housing in-

vestment on which medium and

small enterprises depend, it said.

The company's figures are used

by the Bank of Japan for its bank-

ruptcy statistics.

(Continued on Page 16)

U.S. 'Growth

Recession'

(Continued from Page 7)

for 1985 of just 2.9 percent over

1984, compared with their forecasts

of 3.2 percent only a month ago

and 3.9 percent in early March —

one of the sharpest declines in the

nine-year history of the survey.

About one-fourth of the respon-

dents are now looking for a real

recession — defined as two quar-

ters of negative growth — next

year.

Some economists think the recession

will come sooner and will end

in early 1986. Pierre Rinfret, president

of Rinfret Associates, an econ-

omic consulting concern, says the

latest consumer confidence surveys

and income data "suggest the

American economy has already

peaked and is sliding into recession."

But he expects declining in-

terest rates and strong housing de-

mand to keep the recession "short

and mild."

"If President Reagan's tax pro-

gram is in place by the first quarter

of 1986," Mr. Rinfret says, "it will

stimulate the economy with a net

tax cut," supporting his forecast of

a material upturn after the recession.

Table Talk BY VIRGINIA P. ABELSON

DOWN	DOWN	DOWN	DOWN
83 "Two Cities"	66 Zeus, to Zeno	81 Something reducing differences	96 Quick
84 Kind of finish	67 Doing business	87 Arena in Atlanta	97 Arena in Atlanta
85 Milk: Comb. form	69 Auto-racing city	82 Bit of wheat	98 Author Viki
86 — B. Parker, U.S. jurist	70 Hamlet's companions of arrows	83 Recognized rank	99 Cote cries
87 Privateer	72 Handle, to Hesse	84 Disconcert	101 Turf
89 Gen. facet	73 Orr was one	87 Swapped meat	102 Common
90 Tranquil	76 Movies' Dr. Kidare	90 River to the Danube	103 Father of Siam, to a Italian
94 Gourd used as a musical instrument	78 Unset	92 Staring	104 Rockefeller, N.Y.C.
95 TV's Miss Brooks		94 Pillars surmounted by busts	105 Shuck occupied
		95 Actor Werner	

sh-showers; sm-show; st-stormy.

SATURDAYS FORECAST — CHANNEL: Slightly choppy. FRANKFURT: Cloudy. Temp. 16 — 8 (44 — 46). **LONDON:** Cloudy. Temp. 16 — 9 (61 — 48). **MADRID:** Fair. Temp. 27 — 11 (81 — 57). **NEW YORK:** Fair. Temp. 61 — 28 (45 — 82). **PARIS:** Fair. Temp. 20 — 12 (68 — 54). **TEL AVIV:** Fair. Temp. 20 — 20 (68 — 68). **ZURICH:** Cloudy. Temp. 20 — 7 (68 — 45). **BANGKOK:** Thunder-storms. Temp. 31 — 26 (91 — 79). **HONG KONG:** Cloudy. Temp. 28 — 23 (82 — 77). **MANILA:** Cloudy. Temp. 27 — 24 (81 — 75). **SAIGON:** Fair. Temp. 27 — 21 (81 — 70). **TOKYO:** Cloudy. Temp. 17 — 13 (63 — 55).

Oresoner Bank	221.50	221.50	Elanco	1765	1700	Sears Holdings	90
GHN	157.99	156	GFSA	3173	3075	Shell	676
Harbener	227	225	Harmony	2625	2585	STC	142
Procter & Gamble	550	545	Huiskin Steel	145	140	Sirco Industries	160

[illegible]

Oresoner Bank	221.50	221.50	Elanco	1765	1700	Sears Holdings	90
GHN	157.99	156	GFSA	3173	3075	Shell	676
Harbener	227	225	Harmony	2625	2585	STC	142
Procter & Gamble	550	545	Huiskin Steel	145	140	Sirco Industries	160

2419	2446	2475 + 1/2	Industrials Index:	112.67	112.64
------	------	------------	--------------------	--------	--------

100

SPORTS

Weaver Returns to the Orioles

Popular Manager Agrees to Lead Team Through Season

BALTIMORE — Earl Weaver returned as manager of the Baltimore Orioles on Friday, a day after the American League club dismissed Joe Altobelli. Weaver agreed to handle the club through the remainder of the season, after which the situation will be reviewed.

Weaver said at a news conference Friday that he did not decide until talking Thursday with team officials to leave retirement and rejoin the baseball club. He said he had been talking with the team since the start of the season about returning as a consultant, but that a deal could not be worked out.

Weaver said that he had received two offers to manage other ballclubs since the spring, and numerous others prior to that but that he decided to return to Baltimore because of his familiarity with the team and the city. He was to take over the team Friday night, when the Orioles were scheduled to play the Milwaukee Brewers.

"I guarantee you I'm working for a lot less money than I could have got with other organizations," Weaver said. He said that the salary negotiations took only five minutes.

In an official announcement of the change on Thursday, Hank Peters, the Orioles' general manager, said: "We are sorry about relieving Joe Altobelli. It was a difficult decision, but we did not like the direction in which the club seems to be headed and decided that a change was necessary."

The team owner, Edward Bennett Williams said of Weaver: "I think he came back out of loyalty to this organization." He described his dismissal of Altobelli as a "painful experience."

"We did not have the kind of leadership you expect from a manager," Williams said. "I say that reluctantly because I like Joe so much. But I did not think we had the kind of leadership on the field that we're used to in the Oriole organization. Joe didn't have the things that go into making a first-class, top manager."

"At the same time, we felt that Earl, with his knowledge of the club, the organization, and most of the players, as well as his past record as a winner, was the most appropriate choice to replace Joe in this situation."

Cal Ripken Sr., a coach, managed the Orioles to an 8-3 victory over the Brewers on Thursday night.

Sooner or Later, He Had to Come Back

By Dave Anderson
New York Times Service

NEW YORK — Until now, Earl Weaver had resisted for more than two seasons the temptation to sneak a smoke in the dugout runway between innings. As recently as late April, when George Steinbrenner was losing patience while the Yankees were losing games with Yogi Berra as manager, the principal owner sounded out Weaver before announcing Billy Martin for the fourth time. Weaver wisely knew better than to be interested.

"I don't know if Billy knows he was the second choice," a source familiar with the Yankees' managerial move said at the time. "But he was."

Then as before, Weaver contended that he had no desire to be a manager again. Even when the ABC network did not re-sign him after two seasons as a television analyst, he had talked about how happy he was as an ex-manager who played golf, played the horses and played with his tomato plants.

But sooner or later Weaver had to be Weaver again; sooner or later Weaver had to manage again.

And as the Orioles played the Milwaukee Brewers in Baltimore Friday night, Weaver returned to the same dugout he had hopped out of on Sept. 30, 1982, after the Orioles had lost the American League East title to the Brewers in the final game of the 1982 season. Even in the disappointment of that defeat, a spontaneous standing ovation from the Oriole followers had prompted Weaver to appear for an encore, to wave his arms and legs to form an "O-R-I-O-L-E-S" cheer.

"Well," he said a few minutes later in his office, "it's over with."

But even on that day, Weaver seemed to be the only person who thought his career as a certified genius was over. That day he had walked into the sunset at age 52, too young to play golf and play the horses for the rest of his life, certainly too young to play with his tomato plants for the rest of his life. Maybe a corporate or corpulent man could do that at 52, but not

even the last two seasons. But he was never really out of it until this year. As a TV analyst for two years, he had the best of both worlds — being able to stay home during the week, then visiting with other managers when he worked a game. One day at Wrigley Field last year, Jim Frey, the Chicago Cubs' manager, was sitting in his office when Weaver arrived.

They began to talk serious baseball. And that's what Weaver always did best. After working a National League playoff game in San Diego last year, he sat around for hours that night dissecting the managers' moves. "But if he had done this," he would say, "then the guy in the other dugout couldn't have done that."

At the time, Weaver would say, "I just don't want to manage anymore." And he probably meant it. In the weeks after the season ended last year, the Yankees asked about him before Steinbrenner announced that Berra would return. The Montreal Expos offered him what a confidant calls "a lot of

money." The Chicago White Sox and the Seattle Mariners also checked him out.

"No, no," Weaver kept saying. "I just don't want to manage anymore."

That's what he also told Steinbrenner in April, but when Edward Bennett Williams asked, Weaver decided that he wanted to manage again. Or at least he decided he wanted to manage the Orioles again.

"I owe Mr. Williams a favor," he said the other day. "My words to him were, 'If you need me, I'll be there.'"

Having dropped eight games behind the Toronto Blue Jays and into fourth place in the American League East, the Orioles needed him. Just as he needed baseball again. But now he needs to be as "mean" a manager, to use his word, as he once was. The day the 1982 season ended, he talked about how important it was for a manager to possess that "mean" manner.

"I don't think I can be mean enough any more," he said then. "I was mean enough this year because I knew this was it. But I don't think I could be mean enough next year. That's why I'm stopping."

Next year, Weaver is now this year. But as with any manager, he will only be as good as his players. Sparky Anderson, the Detroit Tigers' manager and once the Cincinnati Reds' manager, put that philosophy in perspective when the Orioles were in Detroit earlier this week. "Managers are only as good as the 25 players they have," said the only manager to wear a World Series championship ring in both leagues. "I never look to see who the manager is in the other dugout. I look to see who he has out there on the field."

Oddly enough, in 1983, his first year as the Oriole manager, the now-deposed Joe Altobelli guided the Orioles to a World Series victory over the Philadelphia Phillies in five games. In nearly 15 seasons, Weaver had led the Orioles to only one World Series title — in 1971, a Series remembered mostly for Brooks Robinson's glove. But now Altobelli, a genius himself briefly, is out and Weaver is in again.



Tze-Chung Chen, concentrating at the U.S. Open.

Dawson, Francona and Brooks Join To Power Expos Past the Cubs, 9-7

United Press International
MONTREAL — Andre Dawson, Terry Francona and Hubie Brooks drove in two runs each Thursday night to lead the Montreal Expos to a 9-7 victory over the Chicago Cubs.

Trailing, 3-1, Montreal erupted for three runs in the fifth. After

single by the winning pitcher, Bryn Smith (7-2), and Tim Raines, the losing pitcher, Steve Trout (6-2), walked Vance Law to load the bases. Dawson's fielder's choice scored Smith, and Brooks followed with a single to drive in Raines.

Pitching in relief, George Frazier walked Tim Wallach to re-load the bases before Francona singled home the go-ahead run.

"There was a lot of hitting on both sides tonight," said Jim Frey, the Cubs' manager. "It was just one of those nights for us. We're still struggling with our middle relief. The only guy I could always rely on is Lee Smith. But if my team stays close in the game, I know we always have a chance because one of the guys is going to come through with a big hit."

Smith worked 7½ innings and scattered eight hits. Jeff Reardon, the fourth Montreal pitcher, got the last out for his 19th save.

The Cubs took a 2-0 lead in the first on a run-scoring single by Keith Moreland and an infield RBI grounder by Jody Davis. Davey Lopes' second-inning RBI single made the score 3-0.

The Expos scored in the second when Sal Butera hit into a fielder's choice with the bases loaded. Mon-

tréal got another run in the sixth on a double by Raines and single by Dawson.

The Expos scored four more runs in the seventh. Wallach led off with a triple and scored on a single by Francona. Herm Wittingham was safe on second baseman Ryne Sandberg's second error of the game, and Mike Fitzgerald followed with a run-scoring single. Law's double made it 8-3 and Brooks singled home the ninth run.

Chicago narrowed the margin to 9-6 in the eighth when Richie Hebner doubled with the bases loaded. Leon Durham doubled home the Cubs' final run in the ninth.

Padres 3, Giants 0: Dave Dravecky combined with Goose Gosage on a six-batter in San Francisco to hold off the Giants. Dravecky (5-4) allowed six hits in seven innings and was supported by three of the four Padre double plays. Gosage picked up his 14th save of the year. The loss went to Bill Laskey (1-7), who gave up eight hits and three runs over six innings.

Phillies 5, Mets 4: Glenn Wilson hit a two-run homer with two out in the eighth to lead the Phillies in Philadelphia. The homer followed a walk to Von Hayes and made a loser of Jesse Orosco (1-3), who relieved Ed Lynch in the eighth. Shane Rawley, who took over in the eighth for Philadelphia, improved his record to 5-5.

Reds 9, Braves 2: Eddie Milner's one-out single scored Dave Concepcion from second base to ignite a seven-run 11th for the Reds in Atlanta. The Reds, who had only two hits entering the 11th, sent 12 men to the plate and had seven hits in the inning. Gene Garber (1-3) took the loss.

Cardinals 2, Pirates 1: Jack Clark and Tito Landrum hit a home run and an RBI double in Pittsburgh to help give John Tudor (4-7) his first victory against his old teammates. After 8½ innings, Jeff Lahti came in and struck out George Hendrick for the final out and his fourth save. Larry McWilliams (3-5) took the loss.

Red Sox 8, Blue Jays 7: In the American League, Rich Gedman's two-run double highlighted a four-run seventh, rallying the Red Sox in Boston. Mike Trujillo (1-1) pitched 2½ innings of scoreless relief for the victory. Bob Stanley worked two innings to post his eighth save. Gary Lavelle (2-1) took the loss.

Orioles 8, Brewers 3: Fred Lynn hit a two-run homer and Cal Ripken Jr. added a pair of run-scoring doubles in Baltimore to help the Orioles snap a five-game losing streak. They were managed by Cal Ripken Sr. after the dismissal of Joe Altobelli.

Twins 7, Rangers 5: Tim Lincecum drove in the go-ahead run with a sixth-inning single, and Kirby Puckett and Greg Gagne each homered to power Minnesota to victory in Arlington, Texas. Mike Smithson (5-5) combined on a nine-inning with Rick Lysander, who got his third save. The loser was Frank Tanana (1-7).

Royals 4, Mariners 3: Darryl Motley hit a three-run homer and Jim Sundberg hit a bases-empty shot in Seattle to lift Kansas City to victory. Mark Gubicza (3-4) struck out nine batters in 5½ innings. Dan Quisenberry notched his 12th save. Ivan Calderon and Alvin Davis homered for the Mariners.

Chen, Making a Double Eagle, Claims Lead in U.S. Open Golf

By Gordon S. White Jr.

New York Times Service
BIRMINGHAM, Michigan — Tze-Chung Chen of Taiwan has become the first golfer in history to make a double eagle during a U.S. Open championship.

To do it, he holed a 3-wood from the fairway, 255 yards out, on his second shot Thursday on the par-5 second hole at Oakland Hills Country Club.

Two hours later, the 26-year-old Chen, who is playing in his first Open, birdied the 17th and 18th holes to complete a round of five-under-par 65 that gave him the first-round lead by a shot over Fred Couples in the 85th Open.

Chen, known to others on the tour as T.C., had a big smile as he described this rarest of all golf shots.

"This is a story," he said. "When I hit the ball I went straight to the pin. I didn't know it had gone into the hole until I walked onto the green even though I heard a big yell when I hit the ball."

Chen got off to one of the fastest starts in Open history when he followed the double eagle with a birdie 2 on the third hole to go 4 under.

He posted four more birdies and three bogeys, a surprising start for this 140-pound (64-kilogram) golfer who has been playing for only 10 years.

The 65 is the lowest round during the five Opens at Oakland Hills. It equaled the course record achieved twice during the 1979 PGA Championship here. One of those was scored by the winner, David Graham, the other by Allen Tapie.

Varied weather helped prolong the opening round; the first player teed off at 7 A.M. and the last completed the round at 8:50 P.M. over this normally strong 6,996-yard course. Temperatures ranged from 49 to 71 degrees (9 to 22 degrees centigrade), and a strong north wind held steady. There were three short rainstorms, one of which produced lightning that halted play for 14 minutes when Chen Watson shot 75. Jack Nicklaus 76, Jerry Pate 78 and Lee Trevino 76. Hale Irwin and Larry Nelson, also former champions, had 73 and 71.

The second hole is among the easier holes to par at Oakland Hills. But nothing is easy about a double eagle.

This par-5 is flat and unlike many of the other 17 holes that have approaches to highly raised greens. The No. 2 hole, a slight dog-leg left, played downward to the pin that was set on the right side away from a bowl-like center area of the green.

The green lies behind a group of small bunkers that Chen had to carry over to land on the putting surface.

A double eagle is considerably more difficult than a hole in one. There have been 16 holes in one in an Open since Zett Enlon made an ace in the 1936 Open at Baltusrol. Before that, U.S. Golf Association records are incomplete on aces.

"I feel great," Chen said, "and so surprised."

"Now we can look to have the pin on top of a mound out there tomorrow," Zoeller added. "They'll never allow a double eagle again."

Chen, slim at 5 feet 10 inches (1.78 meters), joined the PGA Tour two years ago. He has not won an event in the United States but he recently won the Japanese Open and the Korean Open before returning to the U.S. tour two weeks ago.

It was not surprising that a foreign player took the lead, but Chen was not the one expected. Bernhard Langer of West Germany, Seve Ballesteros of Spain and Greg Norman of Australia were all given a good chance.

Ballesteros, who shot an eagle 3 on the second hole, was one of the many at 71. Norman shot 72, and Langer had 74.

It was not a good day for some former Open champions. Tom Watson shot 75. Jack Nicklaus 76, Jerry Pate 78 and Lee Trevino 76. Hale Irwin and Larry Nelson, also former champions, had 73 and 71.

The second hole is among the easier holes to par at Oakland Hills. But nothing is easy about a double eagle.

This par-5 is flat and unlike many of the other 17 holes that have approaches to highly raised greens. The No. 2 hole, a slight dog-leg left, played downward to the pin that was set on the right side away from a bowl-like center area of the green.

The green lies behind a group of small bunkers that Chen had to carry over to land on the putting surface.

A double eagle is considerably more difficult than a hole in one. There have been 16 holes in one in an Open since Zett Enlon made an ace in the 1936 Open at Baltusrol. Before that, U.S. Golf Association records are incomplete on aces.

"I feel great," Chen said, "and so surprised."

"Now we can look to have the pin on top of a mound out there tomorrow," Zoeller added. "They'll never allow a double eagle again."

Chen, slim at 5 feet 10 inches (1.78 meters), joined the PGA Tour two years ago. He has not won an event in the United States but he recently won the Japanese Open and the Korean Open before returning to the U.S. tour two weeks ago.

It was not surprising that a foreign player took the lead, but Chen was not the one expected. Bernhard Langer of West Germany, Seve Ballesteros of Spain and Greg Norman of Australia were all given a good chance.

Ballesteros, who shot an eagle 3 on the second hole, was one of the many at 71. Norman shot 72, and Langer had 74.

It was not a good day for some former Open champions. Tom Watson shot 75. Jack Nicklaus 76, Jerry Pate 78 and Lee Trevino 76. Hale Irwin and Larry Nelson, also former champions, had 73 and 71.

The second hole is among the easier holes to par at Oakland Hills. But nothing is easy about a double eagle.

This par-5 is flat and unlike many of the other 17 holes that have approaches to highly raised greens. The No. 2 hole, a slight dog-leg left, played downward to the pin that was set on the right side away from a bowl-like center area of the green.

The green lies behind a group of small bunkers that Chen had to carry over to land on the putting surface.

A double eagle is considerably more difficult than a hole in one. There have been 16 holes in one in an Open since Zett Enlon made an ace in the 1936 Open at Baltusrol. Before that, U.S. Golf Association records are incomplete on aces.

"I feel great," Chen said, "and so surprised."

"Now we can look to have the pin on top of a mound out there tomorrow," Zoeller added. "They'll never allow a double eagle again."

SCOREBOARD

Golf

U.S. Open Golf Championship

Rank	Player	Score
1	Tze-Chung Chen	65
2	Fred Couples	66
3	Tom Watson	75
4	Jack Nicklaus	76
5	Jerry Pate	78
6	Lee Trevino	76
7	Hale Irwin	73
8	Larry Nelson	71
9	Bernhard Langer	74
10	Seve Ballesteros	73
11	Greg Norman	73
12	Tommy Lasorda	74
13	Tommy Lasorda	74
14	Tommy Lasorda	74
15	Tommy Lasorda	74
16	Tommy Lasorda	74
17	Tommy Lasorda	74
18	Tommy Lasorda	74
19	Tommy Lasorda	74
20	Tommy Lasorda	74

Baseball

Major League Standings

League	Team	W	L	Pct.	GB
American League	Toronto	28	20	.583	—
	Detroit	31	24	.564	5½
	Boston	31	26	.544	6½
	Baltimore	28	28	.500	10
	New York	27	29	.481	11½
	Milwaukee	26	30	.464	12½
	Cleveland	19	37	.339	19
	California	22	35	.386	16
	Chicago	20	35	.364	17
	Kansas City	20	37	.348	17½
National League	St. Louis	32	24	.571	—
	Philadelphia	32	24	.571	—
	Pittsburgh	31	25	.554	1
	San Diego	24	32	.431	7
	Houston	31	26	.544	1
	Cincinnati	28	29	.491	4
	Los Angeles	28	29	.491	4
	Atlanta	24	32	.431	7
	San Francisco	21	34	.386	10
	Montreal	24	31	.438	7

Thursday's Line Scores

Team	Score	Team	Score
Milwaukee	8-3	Los Angeles	5-4
Baltimore	9-7	San Francisco	4-3
Philadelphia	5-4	San Diego	3-2
St. Louis	3-2	Houston	3-2
San Francisco	4-3	Los Angeles	5-4
Philadelphia	5-4	San Diego	3-2
St. Louis	3-2	Houston	3-2
San Francisco	4-3	Los Angeles	5-4
Philadelphia	5-4	San Diego	3-2
St. Louis	3-2	Houston	3-2

Transition

Team	Score	Team	Score
Milwaukee	8-3	Los Angeles	5-4
Baltimore	9-7	San Francisco	4-3
Philadelphia	5-4	San Diego	3-2
St. Louis	3-2	Houston	3-2
San Francisco	4-3	Los Angeles	5-4
Philadelphia	5-4	San Diego	3-2
St. Louis	3-2	Houston	3-2
San Francisco	4-3	Los Angeles	5-4
Philadelphia	5-4	San Diego	3-2
St. Louis	3-2	Houston	3-2

Tennis

Match	Score	Match	Score
Stefan Edberg vs. Mats Wilander	6-4, 6-4, 6-4	Stefan Edberg vs. Mats Wilander	6-4, 6-4, 6-4
Stefan Edberg vs. Mats Wilander	6-4, 6-4, 6-4	Stefan Edberg vs. Mats Wilander	6-4, 6-4, 6-4
Stefan Edberg vs. Mats Wilander	6-4, 6-4, 6-4	Stefan Edberg vs. Mats Wilander	6-4, 6-4, 6-4
Stefan Edberg vs. Mats Wilander	6-4, 6-4, 6-4	Stefan Edberg vs. Mats Wilander	6-4, 6-4, 6-4
Stefan Edberg vs. Mats Wilander	6-4, 6-4, 6-4	Stefan Edberg vs. Mats Wilander	6-4, 6-4, 6-4
Stefan Edberg vs. Mats Wilander	6-4, 6-4, 6-4	Stefan Edberg vs. Mats Wilander	6-4, 6-4, 6-4
Stefan Edberg vs. Mats Wilander	6-4, 6-4, 6-4	Stefan Edberg vs. Mats Wilander	6-4, 6-4, 6-4
Stefan Edberg vs. Mats Wilander	6-4, 6-4, 6-4	Stefan Edberg vs. Mats Wilander	6-4, 6-4, 6-4
Stefan Edberg vs. Mats Wilander	6-4, 6-4, 6-4	Stefan Edberg vs. Mats Wilander	6-4, 6-4, 6-4

SPORTS BRIEFS

Preseason NIT Basketball Shapes Up

NEW YORK (NYT) — The field for the first preseason National Invitation Tournament has been announced, ending months of speculation and putting into motion what could develop into one of the strongest U.S. preseason college basketball tournaments.

St. John's, which won 31 games last season en route to the Final Four, heads the field of 16 that will compete in four regions. Besides St. John's, 11 of the teams competing were in the National Collegiate Athletic Association tournament last spring: Duke, Kansas, Dayton, Alabama-Birmingham, Navy, Auburn, Tulsa, Washington, Texas-El Paso, Pepperdine and Miami of Ohio.

The other participants will be West Virginia, Louisville, Texas A&M and Lamar. The two winners in each regional will meet Nov. 24. The four semifinalists will advance to a doubleheader in Madison Square Garden on Nov. 29. The championship game will be played Dec. 1.

3 Teams Reported Keen on Wiggins

SAN DIEGO (AP) — Three baseball teams, including the Baltimore Orioles, are interested in acquiring Alan Wiggins, the San Diego Padres second baseman, who has received medical clearance to play again after undergoing drug rehabilitation, according to Padres' spokesmen.

The Padres, who have publicly stated that Wiggins will never again play for San Diego, are weighing the offers, Beck said. Wiggins, 27, underwent a monthlong drug treatment program that ended May 26. It was the second time in three years that Wiggins had undergone drug treatment.

In 1982, Wiggins was arrested for cocaine possession, underwent drug rehabilitation and was suspended from baseball for 30 days. At the time of the 1982 incident, Wiggins was warned by the Padres' president, Ballard Smith, that he would be dropped from the team if he became involved with drugs again.

Albeck Appears Destined for Bulls

CHICAGO (AP) — Stan Albeck, the coach of the New Jersey Nets, has ended several days of speculation by saying that he has agreed in principle to become the new head coach of the Chicago Bulls of the National Basketball Association, according to a published report.

Jerry Krause, the Bulls' vice president for operations and a long-time friend of Albeck, told the New York Times in Friday's editions that "there are some details to work out" before the move becomes official. But he said: "He wants to come here and we want him. So I would say the chances are very, very good."

According to the Times, neither Albeck nor Krause would reveal the details of the contract, but it was believed to be for three years and worth a total of \$900,000.

Brent Wins Vacant Flyweight Title

ATLANTIC CITY, New Jersey (UPI) — Henry (Hot Pepper) Brent captured the vacant U.S. Boxing Federation flyweight championship Thursday night, pounding out a majority 12-round decision over Robert (Pop) Robinson.

Brent, from New York, improved his record to 9-4 with four knockouts. Robinson, from Philadelphia, fell to 6-1-1 with 5 knockouts.

For the Record

Phil Anderson of Australia won the third leg of the Tour de Suisse road cycling race Friday and moved into second place in the overall standings behind Acacio da Silva of Portugal. (AP)



Reggie Jackson, taking a whack at it.

NHL Board Rejects Bid to Alter Playoff Structure

United Press International
TORONTO — The National Hockey League Board of Governors, at its meeting here this week, refused to tamper with the league's playoff structure and denied the Pittsburgh Penguins' request to switch divisions.

The Hartford Whalers did not qualify for the playoffs despite having one of the league's top 16 records. That led Howard Baldwin, whose Whalers finished 14th overall but last in the

ART BUCHWALD

Putting Cash on the Line

WASHINGTON — I came into the office and found my assistant, Cathy, crying. "What's wrong?" "I've been trying to get the phone company for two days to move the telephone two and a half blocks to our new office."

"So what's the deal?"

"I finally succeeded. Do you want to hear the rest of it?"

"I'll be right there."

"The phone company will come in to disconnect the phone and re-connect them for \$90 for the first hour and \$1 for each minute after."

"You're kidding me. Not even lawyers have the nerve to charge by the minute."

"That's not all of it. AT&T no longer has anything to do with installing the dial tone. It can only be created by the C&P Telephone Company. They charge \$94 for a one-time connection fee, plus \$35 for the first 15 minutes and \$11 for each additional quarter hour. There is also a \$3 fee for the cost of the jack in the closet."

"Let me get this straight," I said. "AT&T is sucking us for the connection and the C&P people are mugging us for the dial tone. Did you ask either company how we can be sure they're doing all this while they're doing all this?"

"They said we should trust them."

"Okay, so they are behaving like the Mafia. Is that any reason to cry?"

"I'm not finished. If we want to keep the same number we have to pay extra for that too. They want \$9.55 per line per month, which they call a 'mileage' charge. In case you're interested, they charge \$8.20 for the first quarter mile and 45 cents for each additional quarter mile."

"That's more than a New York taxi charge," I said. "Where do they find people to come up with these numbers?"

"I just got our phone bills for the month. We used to get one bill, now we get two — one from AT&T for our equipment and one from C&P for their service. Here, look at

this. Everything is in computer code. Do you know what product E3VLPBUT+X description: BUT-SIGNAL. Unit price \$1.22. Total amount \$26.36 is?"

"Not right off hand," I admitted. "It's our button signal."

"That's right," Cathy said. "AT&T charges us to let our phone ring and button light up. They made a price increase retroactive from July of 1984, but so many people have complained about it that they'll take it off your bill."

"There, you see?" I said. "The phone company does have a heart."

"Then there is the \$2.62 monthly charge for an intercom line."

"That sounds reasonable."

"It is except we don't have an intercom line. They're also charging us \$1.66 for the buzzer for the intercom line we don't have."

"The phone company would never cheat us. Call them and tell them they made a mistake."

Cathy turned red. "I'm not going to try to get through again. No one can get through to them because everybody is complaining about their telephone bills."

"What's this charge of \$7.56 for a PICKUP BUTTON?"

"As far as I know," she replied, "it's this plastic button on the phone. I'm not sure if they're charging us for the button itself or the connection when we push it in. But whatever it is, AT&T has made it retroactive."

"This is more serious than I thought," I said. "Take a letter to Judge Harold H. Greene, U.S. District Court for the District of Columbia, One John Marshall Place, Washington, D.C. 20001. Dear Judge Greene, since you were responsible for the breakup of the phone company, the greatest and cheapest system in the free world, I am writing to you for guidance. You have maintained the divestiture would encourage competition and save the consumer money. Pray tell, dear Judge, what exactly do you have in mind? Since no sane jurist would be stupid enough to tear apart something that was working so well, I'm sure you have a secret plan. You at least owe it to the American people to let us know how we're benefiting from your historic decision. If you don't tell us before we get our next phone bill I'm going to print your home number in the paper. Respectfully yours, An Admirer."

Nicholson, in his hotel suite,

John Huston, Jack Nicholson Team Up for 'Prizzi's Honor'

By Janet Maslin
New York Times Staff

NEW YORK — Early last year John Huston discovered a copy of Richard Condon's novel "Prizzi's Honor" in his office, where it had been sitting since its publication in 1982. Fortunately, the book jacket mentioned that Condon lived in Dallas, and the author had a listed telephone number there. Huston and the producer John Foreman called him and learned that the film rights remained unsold. Huston then showed the book to Jack Nicholson, who saw it as a "French New Wave" archetypal love picture between two killers — you know, deadly but lovely.

But Huston insisted this was a comedy. "I told John, 'I've been wanting to work with you,'" Nicholson recalled, "but I don't know if you want me in a picture I don't understand."

A year later, the film has been released and the misunderstandings are gone. Huston says that "Prizzi's Honor," which opened in the United States on Friday, "has the same quality as the book — it walks a very narrow tightrope, it can turn funny and then turn serious." Nicholson, his assessment borne out by the finished product, said, "The man is 78 and he's still working at the top of his form."

"Prizzi's Honor" tells what happens when a stolid Florida hitman named Charley Partanna (played by Nicholson) becomes smitten with a glamorous mystery woman (Kathleen Turner) who turns out to be a fellow professional. When Nicholson began work on the film, he still expected to emphasize some of the more wrenching aspects of this situation. For instance, he thought a telephone call Charley makes at a key point in the story might call for a particularly emotional tone, and he engaged the laconic Huston in a rare discussion of the specifics. "I asked him, 'Where do I go with this scene, am I Pagliacci, am I hysterical, am I in tears, where am I?'" Nicholson recalled. "He thought about it and said, 'Well, why don't you just clip your nails?'"

Nicholson, in his hotel suite,



John Huston

enthusiastically ate an ice cream sundae as he discussed this, having lost the 30 pounds (13 kilograms) he gained for the Charley Partanna role. "I didn't have to gain weight but I did anyway, because I ingested the part," he said. "I wanted the guy to be a heavy in that sense." Nicholson also adopted a thick Brooklyn accent and a set of new facial mannerisms for the role, and he narrowly escaped having to wear a hairpiece. "That was my idea, one of the last things we gave up," said Huston, reached by telephone in Puerto Vallarta, Mexico. "I like doing away with as much ornamentation as possible, and I felt I'd rather have an accent than a prop."

Brooklyn accents, Huston told the cast, would be the voice of the movie. "So Nicholson spent a lot of time among Brooklyn crooks he has known for years, so did Angelica Huston, the director's daughter and Nicholson's long-time companion, who plays one of the film's pivotal roles. ("Jack was a joy, Kathleen Turner and my daughter, they were all just adorable," Huston said.) One day the director visited his daughter and Nicholson at their hotel and introduced them to the actress and playwright Julie Bovasso, who would serve as the film's dialogue coach. Bovasso spoke a few lines in Brooklynese.

Then Huston headed for the window, declaring, "Will you look at this view, kids!" And then he left, thus setting the question of how the dialogue would sound.

"When he doesn't like something, he'll tell you," said his daughter, who plays what she describes as "a girl with some guts."

"When he does, he'll just go on to the next scene," Huston worked so swiftly on "Prizzi's Honor," in fact, that Nicholson said, "I had more takes in this picture than I have since I worked with Roger Corman," he said. "And I got a little shook up by the way I looked, so I didn't go to dailies much. So when I saw the first rough cut, it was the closest I've ever come to being in the audience on one of my own movies."

What attracted Huston to the material, he said, was "that wonderful hyperbole and extravagance that Richard has in all his best books."

"I thought this one epitomized that. It just demonstrated his whole approach to life and work."

Huston had long known Condon, the author of "The Manchurian Candidate"; they met when both lived in Ireland.

Another quality that attracted Huston to the material, Nicholson noted, was the unobtrusive seriousness with which it regards morality and the business world; it compares with Huston's "Beat the Devil" and "The Treasure of the Sierra Madre." "John is interested in the cardinal sins and the cardinal virtues," he said.

Nicholson has often played violent characters, but Charley Partanna was a killer with a difference. "The guy doesn't get off on murder, he's not pathological," the actor said. "This is his job, his morality. I don't play killers sympathetically, because I can't sympathize with killing, but this called for something different because it was black comedy. I wanted him to be funny, but I also wanted you to see him kill somebody and for that to be believable. And I didn't want it to seem like two different people."

Something else that was important to him and Huston from the film's first frame was that the



Kathleen Turner, Jack Nicholson in "Prizzi's Honor."

character not radiate Nicholson's usual cunning. "John wanted you to know that the man didn't have a secret plan," he said. "This man had to be primary, simple, dumb and very competent at what he did. The audience couldn't be thinking, 'Oh, Jack's always got a little something up his sleeve,'" he said.

Nicholson's attention has been focused on this film partly as a result of the much-publicized abandonment of another: "The Two Jakes," the "Chinatown" sequel he was to make with Robert Evans and Robert Towne, "two of my oldest friends."

"They, we had some words, but these are guys who have words anyway," he said. "The sad thing is it's our own goddamn fault. We blew higher than a kite over some pretty minor issues, and we got ourselves too close to a deadline, and we can't be mad at Paramount for that."

Meanwhile, Nicholson volunteered his services to Fox's advertising department for "Prizzi's Honor," coming up with a slogan he said the studio finally decided "looked too sad on the ad."

"Killers," he wanted to say of the film's plot and its lethal characters. "You Always Hurt the One You Love."

■ "A Great American Movie"

Like Woody Allen's "Purple Rose of Cairo," the only other great American movie of 1985, Huston's "Prizzi's Honor" delivers a kind of high most commonly associated with controlled substances, or with works of art of liberating imagination. Vincent Canby wrote in The New York Times.

"This adaptation of Condon's phantasmagorical and witty novel is a breathless roller-coaster ride through a small part of the American Dream that has all the aspects of a funhouse, but it's a funhouse in which the skeletons that jump out at you are still quite fresh. Nicholson's work is as good as anything he's ever done."

tising department for "Prizzi's Honor," coming up with a slogan he said the studio finally decided "looked too sad on the ad."

"Killers," he wanted to say of the film's plot and its lethal characters. "You Always Hurt the One You Love."

■ "A Great American Movie"

Like Woody Allen's "Purple Rose of Cairo," the only other great American movie of 1985, Huston's "Prizzi's Honor" delivers a kind of high most commonly associated with controlled substances, or with works of art of liberating imagination. Vincent Canby wrote in The New York Times.

"This adaptation of Condon's phantasmagorical and witty novel is a breathless roller-coaster ride through a small part of the American Dream that has all the aspects of a funhouse, but it's a funhouse in which the skeletons that jump out at you are still quite fresh. Nicholson's work is as good as anything he's ever done."

tising department for "Prizzi's Honor," coming up with a slogan he said the studio finally decided "looked too sad on the ad."

"Killers," he wanted to say of the film's plot and its lethal characters. "You Always Hurt the One You Love."

■ "A Great American Movie"

Like Woody Allen's "Purple Rose of Cairo," the only other great American movie of 1985, Huston's "Prizzi's Honor" delivers a kind of high most commonly associated with controlled substances, or with works of art of liberating imagination. Vincent Canby wrote in The New York Times.

"This adaptation of Condon's phantasmagorical and witty novel is a breathless roller-coaster ride through a small part of the American Dream that has all the aspects of a funhouse, but it's a funhouse in which the skeletons that jump out at you are still quite fresh. Nicholson's work is as good as anything he's ever done."

tising department for "Prizzi's Honor," coming up with a slogan he said the studio finally decided "looked too sad on the ad."

"Killers," he wanted to say of the film's plot and its lethal characters. "You Always Hurt the One You Love."

■ "A Great American Movie"

Like Woody Allen's "Purple Rose of Cairo," the only other great American movie of 1985, Huston's "Prizzi's Honor" delivers a kind of high most commonly associated with controlled substances, or with works of art of liberating imagination. Vincent Canby wrote in The New York Times.

"This adaptation of Condon's phantasmagorical and witty novel is a breathless roller-coaster ride through a small part of the American Dream that has all the aspects of a funhouse, but it's a funhouse in which the skeletons that jump out at you are still quite fresh. Nicholson's work is as good as anything he's ever done."

tising department for "Prizzi's Honor," coming up with a slogan he said the studio finally decided "looked too sad on the ad."

"Killers," he wanted to say of the film's plot and its lethal characters. "You Always Hurt the One You Love."

■ "A Great American Movie"

Like Woody Allen's "Purple Rose of Cairo," the only other great American movie of 1985, Huston's "Prizzi's Honor" delivers a kind of high most commonly associated with controlled substances, or with works of art of liberating imagination. Vincent Canby wrote in The New York Times.

"This adaptation of Condon's phantasmagorical and witty novel is a breathless roller-coaster ride through a small part of the American Dream that has all the aspects of a funhouse, but it's a funhouse in which the skeletons that jump out at you are still quite fresh. Nicholson's work is as good as anything he's ever done."

tising department for "Prizzi's Honor," coming up with a slogan he said the studio finally decided "looked too sad on the ad."

"Killers," he wanted to say of the film's plot and its lethal characters. "You Always Hurt the One You Love."

■ "A Great American Movie"

Like Woody Allen's "Purple Rose of Cairo," the only other great American movie of 1985, Huston's "Prizzi's Honor" delivers a kind of high most commonly associated with controlled substances, or with works of art of liberating imagination. Vincent Canby wrote in The New York Times.

"This adaptation of Condon's phantasmagorical and witty novel is a breathless roller-coaster ride through a small part of the American Dream that has all the aspects of a funhouse, but it's a funhouse in which the skeletons that jump out at you are still quite fresh. Nicholson's work is as good as anything he's ever done."

tising department for "Prizzi's Honor," coming up with a slogan he said the studio finally decided "looked too sad on the ad."

"Killers," he wanted to say of the film's plot and its lethal characters. "You Always Hurt the One You Love."

■ "A Great American Movie"

Like Woody Allen's "Purple Rose of Cairo," the only other great American movie of 1985, Huston's "Prizzi's Honor" delivers a kind of high most commonly associated with controlled substances, or with works of art of liberating imagination. Vincent Canby wrote in The New York Times.

"This adaptation of Condon's phantasmagorical and witty novel is a breathless roller-coaster ride through a small part of the American Dream that has all the aspects of a funhouse, but it's a funhouse in which the skeletons that jump out at you are still quite fresh. Nicholson's work is as good as anything he's ever done."

tising department for "Prizzi's Honor," coming up with a slogan he said the studio finally decided "looked too sad on the ad."

"Killers," he wanted to say of the film's plot and its lethal characters. "You Always Hurt the One You Love."

■ "A Great American Movie"

Like Woody Allen's "Purple Rose of Cairo," the only other great American movie of 1985, Huston's "Prizzi's Honor" delivers a kind of high most commonly associated with controlled substances, or with works of art of liberating imagination. Vincent Canby wrote in The New York Times.

"This adaptation of Condon's phantasmagorical and witty novel is a breathless roller-coaster ride through a small part of the American Dream that has all the aspects of a funhouse, but it's a funhouse in which the skeletons that jump out at you are still quite fresh. Nicholson's work is as good as anything he's ever done."

tising department for "Prizzi's Honor," coming up with a slogan he said the studio finally decided "looked too sad on the ad."

"Killers," he wanted to say of the film's plot and its lethal characters. "You Always Hurt the One You Love."

■ "A Great American Movie"

Like Woody Allen's "Purple Rose of Cairo," the only other great American movie of 1985, Huston's "Prizzi's Honor" delivers a kind of high most commonly associated with controlled substances, or with works of art of liberating imagination. Vincent Canby wrote in The New York Times.

"This adaptation of Condon's phantasmagorical and witty novel is a breathless roller-coaster ride through a small part of the American Dream that has all the aspects of a funhouse, but it's a funhouse in which the skeletons that jump out at you are still quite fresh. Nicholson's work is as good as anything he's ever done."

tising department for "Prizzi's Honor," coming up with a slogan he said the studio finally decided "looked too sad on the ad."

"Killers," he wanted to say of the film's plot and its lethal characters. "You Always Hurt the One You Love."

■ "A Great American Movie"

Like Woody Allen's "Purple Rose of Cairo," the only other great American movie of 1985, Huston's "Prizzi's Honor" delivers a kind of high most commonly associated with controlled substances, or with works of art of liberating imagination. Vincent Canby wrote in The New York Times.

"This adaptation of Condon's phantasmagorical and witty novel is a breathless roller-coaster ride through a small part of the American Dream that has all the aspects of a funhouse, but it's a funhouse in which the skeletons that jump out at you are still quite fresh. Nicholson's work is as good as anything he's ever done."

tising department for "Prizzi's Honor," coming up with a slogan he said the studio finally decided "looked too sad on the ad."

"Killers," he wanted to say of the film's plot and its lethal characters. "You Always Hurt the One You Love."

■ "A Great American Movie"

Like Woody Allen's "Purple Rose of Cairo," the only other great American movie of 1985, Huston's "Prizzi's Honor" delivers a kind of high most commonly associated with controlled substances, or with works of art of liberating imagination. Vincent Canby wrote in The New York Times.

"This adaptation of Condon's phantasmagorical and witty novel is a breathless roller-coaster ride through a small part of the American Dream that has all the aspects of a funhouse, but it's a funhouse in which the skeletons that jump out at you are still quite fresh. Nicholson's work is as good as anything he's ever done."

tising department for "Prizzi's Honor," coming up with a slogan he said the studio finally decided "looked too sad on the ad."

"Killers," he wanted to say of the film's plot and its lethal characters. "You Always Hurt the One You Love."

■ "A Great American Movie"

Like Woody Allen's "Purple Rose of Cairo," the only other great American movie of 1985, Huston's "Prizzi's Honor" delivers a kind of high most commonly associated with controlled substances, or with works of art of liberating imagination. Vincent Canby wrote in The New York Times.

"This adaptation of Condon's phantasmagorical and witty novel is a breathless roller-coaster ride through a small part of the American Dream that has all the aspects of a funhouse, but it's a funhouse in which the skeletons that jump out at you are still quite fresh. Nicholson's work is as good as anything he's ever done."

tising department for "Prizzi's Honor," coming up with a slogan he said the studio finally decided "looked too sad on the ad."

"Killers," he wanted to say of the film's plot and its lethal characters. "You Always Hurt the One You Love."

■ "A Great American Movie"

Like Woody Allen's "Purple Rose of Cairo," the only other great American movie of 1985, Huston's "Prizzi's Honor" delivers a kind of high most commonly associated with controlled substances, or with works of art of liberating imagination. Vincent Canby wrote in The New York Times.

"This adaptation of Condon's phantasmagorical and witty novel is a breathless roller-coaster ride through a small part of the American Dream that has all the aspects of a funhouse, but it's a funhouse in which the skeletons that jump out at you are still quite fresh. Nicholson's work is as good as anything he's ever done."

tising department for "Prizzi's Honor," coming up with a slogan he said the studio finally decided "looked too sad on the ad."

"Killers," he wanted to say of the film's plot and its lethal characters. "You Always Hurt the One You Love."

■ "A Great American Movie"

Like Woody Allen's "Purple Rose of Cairo," the only other great American movie of 1985, Huston's "Prizzi's Honor" delivers a kind of high most commonly associated with controlled substances, or with works of art of liberating imagination. Vincent Canby wrote in The New York Times.

"This adaptation of Condon's phantasmagorical and witty novel is a breathless roller-coaster ride through a small part of the American Dream that has all the aspects of a funhouse, but it's a funhouse in which the skeletons that jump out at you are still quite fresh. Nicholson's work is as good as anything he's ever done."

tising department for "Prizzi's Honor," coming up with a slogan he said the studio finally decided "looked too sad on the ad."

"Killers," he wanted to say of the film's plot and its lethal characters. "You Always Hurt the One You Love."

■ "A Great American Movie"

Like Woody Allen's "Purple Rose of Cairo," the only other great American movie of 1985, Huston's "Prizzi's Honor" delivers a kind of high most commonly associated with controlled substances, or with works of art of liberating imagination. Vincent Canby wrote in The New York Times.

"This adaptation of Condon's phantasmagorical and witty novel is a breathless roller-coaster ride through a small part of the American Dream that has all the aspects of a funhouse, but it's a funhouse in which the skeletons that jump out at you are still quite fresh. Nicholson's work is as good as anything he's ever done."

tising department for "Prizzi's Honor," coming up with a slogan he said the studio finally decided "looked too sad on the ad."

"Killers," he wanted to say of the film's plot and its lethal characters. "You Always Hurt the One You Love."

■ "A Great American Movie"

Like Woody Allen's "Purple Rose of Cairo," the only other great American movie of 1985, Huston's "Prizzi's Honor" delivers a kind of high most commonly associated with controlled substances, or with works of art of liberating imagination. Vincent Canby wrote in The New York Times.

PEOPLE

Barbara Walters to Wed
Chief of Television Firm

The television newswoman Barbara Walters will wed the businessman Mervyn Adelson in the fall. Walters, 53, is co-host of the ABC News "20/20" show and host of her own interview special, "Adelson, 53, founded a multimillion-dollar television company, best known for its television series, 'Dallas.' Walters has a teen-age daughter and Adelson has three children from previous marriages.

□

The director Steven Spielberg, 37, had a close encounter of the kind witnessing the birth of the actress Amy Irving, 31, of their son Max. The 7-pound, 7-ounce (3.3 kilogram) baby was born Thursday in Los Angeles.

□

The evangelist Billy Graham is in Britain for an eight-day crusade to preach by satellite relayed television to 51 towns. Graham, 66, will appear from June 25 to 29 at a soccer stadium in Sheffield. His sermons will be relayed to other centers, school halls and theaters from Dublin, to the Shetland Islands, off the coast of Scotland.

□

The Italian conductor Riccardo Chailly has been chosen to replace Bernard Haitink as principal conductor of Amsterdam's Concertgebouw Orchestra in 1988, an orchestra spokesman said.

□

A bronze statue of Dwight D. Eisenhower, showing the former president in his military uniform, will be unveiled Saturday at the museum erected in his honor in his hometown of Abilene, Kansas. The statue will face the chapel where Eisenhower and his wife, Mamie, are buried. Senator Robert Dole, a Kansas Republican, will be the main speaker.

□

B.B. King, J.J. Brynner, Barbra Streisand, Sherry Easton and John Lennon were not enough to get a star-studded charity show off the ground, the Norwegian Broadcasting Company said Thursday. The network decided to cancel an Aug. 18 benefit concert in Bergen in support of the United Nations Fund for Population Activities because the show's invitation to perform.

□

Barbra Streisand, Sherry Easton and John Lennon were not enough to get a star-studded charity show off the ground, the Norwegian Broadcasting Company said Thursday. The network decided to cancel an Aug. 18 benefit concert in Bergen in support of the United Nations Fund for Population Activities because the show's invitation to perform.

□

Barbra Streisand, Sherry Easton and John Lennon were not enough to get a star-studded charity show off the ground, the Norwegian Broadcasting Company said Thursday. The network decided to cancel an Aug. 18 benefit concert in Bergen in support of the United Nations Fund for Population Activities because the show's invitation to perform.

□

Barbra Streisand, Sherry Easton and John Lennon were not enough to get a star-studded charity show off the ground, the Norwegian Broadcasting Company said Thursday. The network decided to cancel an Aug. 18 benefit concert in Bergen in support of the United Nations Fund for Population Activities because the show's invitation to perform.

□

Barbra Streisand, Sherry Easton and John Lennon were not enough to get a star-studded charity show off the ground, the Norwegian Broadcasting Company said Thursday. The network decided to cancel an Aug. 18 benefit concert in Bergen in support of the United Nations Fund for Population Activities because the show's invitation to perform.

□

Barbra Streisand, Sherry Easton and John Lennon were not enough to get a star-studded charity show off the ground, the Norwegian Broadcasting Company said Thursday. The network decided to cancel an Aug. 18 benefit concert in Bergen in support of the United Nations Fund for Population Activities because the show's invitation to perform.

□

Barbra Streisand, Sherry Easton and John Lennon were not enough to get a star-studded charity show off the ground, the Norwegian Broadcasting Company said Thursday. The network decided to cancel an Aug. 18 benefit concert in Bergen in support of the United Nations Fund for Population Activities because the show's invitation to perform.

□

Barbra Streisand, Sherry Easton and John Lennon were not enough to get a star-studded charity show off the ground, the Norwegian Broadcasting Company said Thursday. The network decided to cancel an Aug. 18 benefit concert in Bergen in support of the United Nations Fund for Population Activities because the show's invitation to perform.

□

Barbra Streisand, Sherry Easton and John Lennon were not enough to get a star-studded charity show off the ground, the Norwegian Broadcasting Company said Thursday. The network decided to cancel an Aug. 18 benefit concert in Bergen in support of the United Nations Fund for Population Activities because the show's invitation to perform.

□